

Poverty Reduction in Mali

A Background Paper

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Poverty Reduction in Mali

A Background Paper

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Abbreviations and Acronyms

| | |
|-----------|--|
| AIRD | Associates for International Resources and Development, Inc. |
| APEM | Appui au Processus Electoral du Mali |
| ARD | Associates in Rural Development |
| BCEAO | Central Bank of West African States |
| CARE | Cooperative for Assistance and Relief Everywhere, Inc. |
| CDC | U.S. Centers for Disease Control and Prevention |
| CEDPA | Centre for Development and Population Activities |
| CEPPS | Consortium for Elections and Political Process Strengthening |
| CFAF | Malian Franc |
| CEPROCEDE | |
| CLUSA | Cooperative League of the USA |
| CMDT | Compagne Malienne pour le Développement des Textiles |
| CSLP | Cadre stratégique de lutte contre la pauvreté |
| CDIE | Center for Development Information and Evaluation |
| DA | development assistance |
| DHS | Demographic and Health Survey |
| DNSI | Direction National de la Statistique et de l'Informatique |
| EPRP | evolving poverty reduction paradigm |
| ESF | economic support funds |
| EU | European Union |
| FY | fiscal year |
| GDP | gross domestic product |
| GNP | gross national product |
| HIPC | highly indebted poor country |
| IARA | Islamic American Relief Agency |
| IDR | Institute for Development Research |
| IFES | International Foundation for Electoral Systems |
| IMF | International Monetary Fund |
| JSI | John Snow, Inc. |
| Kcal | kilocalorie |
| MCDI | Medical Care Development International |
| MSI | Management Systems International |

| | |
|----------|--|
| NDI | National Democratic Institute for International Affairs |
| NGO | nongovernmental organization |
| ODA | official development assistance |
| ODHD | Sustainable Human Development Observatory |
| OECD/DAC | Organization for Economic Cooperation and Development/ Development Assistance Committee |
| OMAES | Oeuvre Malienne d'Aide à l'Enfance au Sahel |
| PPC | USAID, Bureau for Policy and Program Coordination |
| PRMC | programme de restructuration des marché céréalier |
| PRODEC | Education section of the PRSP |
| PRODEJ | Justice section of the PRSP |
| PRODESS | Health section of the PRSP |
| PRSP | Poverty Reduction Strategy Paper |
| PVO | private voluntary organization |
| R4 | USAID Results Review and Resource Request |
| RTI | Research Triangle Institute |
| SAGE | Strategies for Advancing Girls' Education |
| SAVE | Save the Children–USA |
| SNLP | Stratégie nationale de lutte contre la pauvreté |
| SpO | special objective |
| SO | strategic objective |
| TDRL | rural development tax |
| UNCTAD | United Nations Conference on Trade and Development |
| UNDP | United Nations Development Programme |
| UNICEF | United Nations Children's Fund |
| UDPM | Democratic Union of the Malian People |
| WARP | West Africa Regional Program (USAID) |
| WB | World Bank |
| WE | World Education |
| WFP | World Food Program |
| WHO | World Health Organization |
| WTO | World Trade Organization |

Executive Summary

Mali is a least developed, highly indebted, poor West African country. The national government of the Republic of Mali, democratically elected in 1992, introduced governance reforms to decentralize administration to the local level. The Government of Mali is preparing a Poverty Reduction Strategy Paper (PRSP) in response to the World Bank and International Monetary Fund's (IMF) Highly Indebted Poor Country (HIPC) initiative. The PRSP will map out a medium-term expenditure framework for increased public spending for poverty reduction programs.

In Mali, USAID's country strategy over the FY1998 to FY2002 period emphasized three strategic objectives (SOs) and two special objectives (SpOs):

SO1: improved social and economic behaviors among youth, emphasizing basic education, life skills, and improved health of Malians aged 25 and younger

SO2: increased value-added in specific economic sectors, largely in agriculture and focused on cereals, livestock, nontraditional products, and financial services

SO3: effective community organizations as partners in democratic governance, especially at the decentralized commune level

SpO1: improved access to and facilitated use of information, via the Internet and community radio

SpO2: stability in the northern regions of the country, through broad-based and sustainable local development

USAID Mali has created an impressive synergy among programs in different sectors. It employs a combination of cooperative and grant agreements and private sector contracts to implement initiatives in the field. These are largely operated through Malian nongovernmental organizations (NGOs)

and private sector partners. The portfolio is allocated across SOs as follows: 51 percent to youth (SO1), 31 percent to economic growth (SO2), 10 percent to democratic governance (SO3), 2 percent for information (SpO4), and 6 percent for the north (SpO5).

USAID personnel collaborated with the Government of Mali in drafting the Malian PRSP, especially as participants in the macroeconomic and civil society thematic groups. However, this recent effort has not been sufficient to restore USAID's sentinel voice to the Government of Mali on policy affairs, diminished through a shift in USAID's partnership that now favors the private and nongovernmental sectors over direct involvement with the government.

The purpose of this assessment by USAID's Bureau for Policy and Program Coordination (PPC) is to analyze the Mali portfolio through the lens of PPC's conceptual framework for comparing USAID's sustainable development approach with the poverty reduction paradigm evolving in other development aid agencies. The assessment finds that in most respects USAID's broad-based sustainable development approach works effectively as a poverty reduction approach. Moreover, in developing its new assistance strategy for FY2003–2012 the mission was clearly mindful of the goals and strategies being outlined in Mali's PRSP, and in some instances contributed directly to the PRSP process.

More specifically, the PPC assessment team finds that

- USAID's program is generally focused on the rural poor and incorporates many poverty reduction objectives. Its emphasis on community-level interventions in health and education, its focus on women and youth as chief beneficiaries, and community organization empowerment perspective in poor rural areas all make strong contributions to poverty reduction. The economic growth program focuses both on value-added opportunities for production and export in agriculture, as well as microfinance initiatives, which provide a safety net to smooth consumption for the poorest.

- USAID has created an impressive synergy among programs in different sectors. It employs a combination of cooperative and grant agreements and private sector contracts to implement initiatives in the field. U.S. private voluntary organizations (PVOs) and Malian NGOs¹ play a key role, implementing almost half of the portfolio. They are particularly prominent players in the health, education, and democratic governance programs.
- USAID supports the PRSP process. Mission personnel collaborated with the government in drafting the Malian PRSP, especially as participants in the macroeconomic and civil society thematic groups. Moreover, in developing its new assistance strategy for FY2003–2012, the mission was clearly mindful of the goals and strategies outlined in the PRSP. It is imperative that USAID continue to contribute to the PRSP process. Close involvement increases the political economy leverage that the PRSP process gives donors collectively to raise issues (such as corruption, accountability, and aid effectiveness) that would otherwise not get discussed with the government. In addition, this involvement presents an important opportunity to collaborate with the government in setting objectives and programming local currency made available for social programs under the HIPC process. Continuous engagement with the central government is therefore important.
- The USAID program is heavily weighted toward delivery of direct social services to targeted groups, with proportionately less allocated to activities emphasizing broader economic or policy reforms that have an indirect effect on all of the poor. Almost half of the USAID portfolio is implemented by U.S. PVOs and Malian NGOs, providing grassroots services to poor people across the three main strategic areas. The USAID system of budget and program earmarks reinforces the strong service

delivery emphasis of the portfolio. Finally, the need to report measurable annual achievements under the results framework system pressures mission officers to design short-term service delivery activities rather than more macro-level ones.

- Direct approaches to poverty reduction involve the delivery of services to poor people, while indirect approaches help create an environment enabling poverty reduction. Direct assistance has immediate, measurable impacts on poverty. Empowerment of the poor by enhancing governance capacity at the local level can increase welfare. However, the PPC team questions whether there is a good balance between direct and indirect assistance in the USAID portfolio, if issues of sustainability and long-term impact are also important. In a country like Mali, where 65 percent of the population lives on less than \$1 per day, direct social services provided by PVOs may be largely unsustainable over the long run, particularly if the government is not prepared to assume these services. A greater number of poor could be helped through broad-based efforts to address the sources of poverty and the systems that perpetuate it. Some PVOs acknowledge that their programs have been too focused on direct service delivery.
- Commitment of a large proportion of the portfolio to PVO projects may reflect USAID's lack of engagement with the national government. This reduces USAID's visibility and influence at the national level on key policy issues, especially those having to do with economic growth. USAID actively supports governance decentralization but may miss opportunities at the national level to support building the capacity of the executive branch, political parties, elected assemblies, justice system, and national-level civil society. Such activities would contribute to the environment enabling democratic governance, and to the rule of law and accountability of government that contribute to an environment enabling economic growth.

¹ In this paper, "NGO" refers to local Malian civil society organizations. "PVO" refers to U.S. private voluntary organizations.

- Congressional budget directives—earmarks—limit USAID programming flexibility for poverty reduction. Earmarks of Child Survival and Development funds prevented greater funding of education programs where it was badly needed. More broadly, the mission has been constrained by the need for quantifiable results and by overall funding directives to allocate a greater portion of its portfolio to health and education over economic growth than it would have done in the absence of such directives. At times USAID is unable to take advantage of the synergistic linkages between education, health, and economic growth because of the current system of program and budget earmarks. In the absence of budget directives from Congress, USAID Mali would allocate a greater portion of resources to economic growth, particularly in the area of trade.

Background

Purpose of this Assessment

By the late 1990s, the development community was gripped by self-doubt. In the wake of structural adjustment lending, many concerns were being raised by partner countries, civil society, and even development agencies that the programs of the international financial institutions such as the World Bank and the IMF did not encourage sufficiently the participation of their local partners in the design of reform programs and did not address effectively the needs of the poor (or, worse, aggravated their poverty). Moreover, the effectiveness of aid portfolios was criticized in the face of corruption and frequent lack of measurable development results. In 1997, the Asian financial crisis challenged the economic viability of the World Bank's star pupils.

At about the same time, the British government under Prime Minister Tony Blair and Development Minister Clare Short made a strong commitment in a government white paper to eliminating world poverty (United Kingdom 1997). Many leaders of industrial countries' ecumenical communities, under the auspices of the Jubilee 2000 movement, increased pressure on the international financial institutions for meaningful debt relief for developing countries.

In response to these concerns, the World Bank, the IMF, UN agencies, many bilateral donors, and a number of developing countries have now made poverty reduction their overarching development objective. The United States was a signatory in 1996 to the international development goals, which included the halving of world poverty by 2015, endorsed by the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD/DAC). The UN General Assembly endorsed a similar but expanded list of Millennium Development Goals in 2000. In the most highly indebted poor countries, debt relief was linked to the development of national poverty reduction strategies. These are broad, multisectoral

frameworks attached to medium-term expenditure blueprints and written up in one strategy paper—the Poverty Reduction Strategy Paper (PRSP)—, which is expected to become the focus document for each country. Each member of the international donor community is supposed to buy into the PRSP to fund a portion of the program.

Despite international commitments by the U.S. Government to poverty reduction, USAID's guiding principle for development assistance remains sustainable development. Poverty reduction is not an overarching goal; rather, it is considered an important and desirable outcome of sustainable development. The Bush administration's articulation of four development pillars—economic growth, agriculture, and trade; global health; conflict prevention, democratic governance, and disaster assistance; and the Global Development Alliance—as a new business model for foreign assistance is quite similar to the sustainable development approach (USAID May 2001).² However, poverty reduction has been placed front and center in more recent U.S. development policy press releases. In March 2002, President Bush announced that the United States will increase its core assistance by 50 percent over the next three years to those developing countries with sound policies “that support economic growth and reduce poverty.”³

This assessment by USAID's Bureau for Policy and Program Coordination (PPC) is one of a series of case studies examining how USAID field missions operate in countries where the partner government and donor community have shifted to the new poverty reduction approach. The purpose of this assessment is not to evaluate the USAID portfolio. Rather, it is to evaluate the extent to which USAID's approach is an effective poverty reduction approach, even though poverty reduction is not its overarching development goal. This study examines how USAID

² The Global Development Alliance is a program to promote the involvement of government, corporate America, higher education, and PVOs in support of shared objectives.

³ This increased assistance will be managed out of a new Millennium Challenge Account. See http://www.usaid.gov/press/releases/2002/fs_mca.html.

is designing and implementing programs in several World Bank Highly Indebted Poor Country (HIPC) initiative countries (Honduras, Mali, and Uganda) that are pursuing poverty reduction strategies and one non-HIPC country (Romania). It analyzes to what extent these programs are consistent with USAID's traditional sustainable development strategy, how USAID participated in the development of the PRSP in HIPC countries, and to what extent USAID has modified its approach as a result. It is hoped that information on USAID's approaches in poor countries adopting a poverty reduction approach will provide important insights into the agency's own development strategy.

What Is a Poverty Reduction Approach?

Internal debate within USAID over whether to reformulate its approach to make poverty reduction a clearer objective has been lively. The move would hearten critics from the international donor community frustrated at the U.S. Government's refusal to put poverty reduction at the center of its development program. At the heart of the debate is what a poverty reduction approach should look like and what effect such redesign would have on resource reallocation.

The point of view held by one group is that in countries where poverty is most prevalent, economic growth should be an overarching concern to provide income-generating opportunities to the poor, who when incomes rise will in turn limit the size of their families and be able to afford to consume social services. According to this point of view, reform of the policy incentive environment at macro-, meso-, and micro-levels is crucial to fostering growth. This group fears that adopting poverty reduction as an overarching goal of the agency will cause the bureaucracy to shift an even greater portion of resources to direct poverty reduction programming; that is, programming the delivery to the poor of an increased level of social services and targeted interventions, such as child survival and diseases and microcredit enterprise development. They are concerned that the agency's commitment to economic growth, which has been sorely undermined in recent years, will be further eroded.

These fears are not unfounded. In FY2001, 83 percent—6.5 billion—of the \$7.8 billion appropriation managed by USAID was earmarked for specific programs, including the following:

- child survival and diseases, \$1.0 billion
- support to Israel, Egypt, Ireland, "Independent States," and Eastern Europe and the Baltics, \$3.8 billion
- disaster assistance, \$0.3 billion
- food aid (P.L. 480 Title II), \$0.8 billion
- operating expenses, \$0.5 billion

This left only about \$1.3 billion—17 percent—of the foreign operations budget for general development assistance. Development assistance—the so-called DA account—not only finances broad-based economic growth and development, but also programs aimed at broader U.S. foreign policy priorities and global problems with a less clear effect on the poor. These programs include the environment and global warming, population and family planning, democracy, and efforts aimed at crisis prevention and alleviation.

Even within the economic growth program area, there are earmarks of resources to specific causes such as dairy and microenterprise programs. After everything else is covered, the amount of development assistance funding that remains for efforts to strengthen markets through improved policies and institutions totals \$151 million, including \$25 million for all of Latin America and the Caribbean and \$14 million for the entire Asia and Near East region, from Morocco to Indonesia (Sillers 2001).

Another point of view believes that USAID is "already doing poverty reduction," even if it is not marketed that way to outside observers:

It seems clear that if a development program seeks to stimulate economic growth for as large a beneficiary pie as possible, educate the masses, ensure their health and food security/nutrition,

stabilize population growth, strengthen the voices of the disenfranchised, strategize new ways to use natural resources that provide for a sustainable relationship between the populace and the earth, avoid conflict and mitigate disasters whenever possible, and alleviate the suffering of those affected when avoidance and prevention is not possible, then that agency is *definitely* working on/striving for/aiming toward poverty reduction. That is the case of the U.S. Agency for International Development. (Plunkett and Salinger 1998, 3)

However, while each of the objectives mentioned in the preceding paragraph may be a critical component of a poverty reduction program, conceptual differences exist between what USAID thinks of as sustainable development and what proponents of the evolving poverty reduction paradigm consider important. These conceptual differences are highlighted in Annex 1 and summarized below:

- the priority attached to poverty reduction as an overarching objective
- the attention paid to definition of the causes of poverty, identification of who is poor and how they earn their livelihoods, and measurement of specific poverty reduction impact of various interventions
- the extent to which public sector institutions are supported as partners, as opposed to non-governmental or private sector organizations
- the extent to which poverty alleviation is sought via programs that directly target the poor as immediate beneficiaries (i.e., direct intervention) or approaches, which by emphasizing broader economic or policy environments, may be indirect in their immediate effect on the poor (i.e., indirect intervention)
- the degree to which mitigation is sought of some portion of the specific risks faced by the poor
- the concern shown for the coherence of non-

development policies being pursued by the United States and other OECD governments that may be inconsistent with country development policies

- the priority attached to economic growth; openness to trade, investment, and information flows; and agriculture, and the extent to which programs in these areas are broad-based or pro-poor by design
- the priority attached to health and education services, and the extent to which these are targeted by design toward the needs of the poor
- the extent to which governance programs are concerned with explicit empowerment of the poor
- the extent to which environment programs are concerned with improving the sustainability of the poor's livelihoods

A poverty reduction approach is thus one that makes the alleviation of poverty the explicit, overarching goal. It is an approach under which program interventions are based on a conscious analysis of who the poor are; where they live; what they do for a living; whether they are net buyers or sellers of food, labor, and services; what economic and social problems they face; and what kinds of risk they are most vulnerable to.

This kind of disaggregated social or political economy analysis may seem unnecessarily complicated in a country where the overwhelming majority of the population lives at or below the poverty line. However, requiring strategists to consider the dynamics of who will benefit from a proposed intervention at local levels may improve the efficiency of development programs. For example, irrigated agriculture helps to increase food production and reduce vulnerability, but new economic realities may alter complex social rules governing access to land. For example, rainfed millet cultivation land is considered rather marginal and is habitually farmed by the poor for free; however, when brought under a water control scheme, the land

may take on new value, suggesting that it may no longer be distributed without rental cost by local authorities. As another example, while decentralization in theory offers new opportunities for local empowerment that includes the poor, there are also complex social rules governing access to power. Representation in local government bodies may still depend, at least in part, on old lineage or clan relationships, rather than on such criteria as degree of literacy or membership in advocacy groups. Failure to recognize the importance of these social relationships means that even within a poor country or in a poor district, wealthier or better connected households stand to gain more in terms of livelihood security than more vulnerable or less empowered households.

Project interventions under a poverty reduction approach seek to empower, train, and enable the poor to pursue opportunities to improve their livelihoods and wellbeing. At the same time, a poverty reduction approach recognizes the extreme vulnerability to which the poor are exposed and offers safety nets to mitigate the worst effects of these environments.⁴

Ideally, a poverty reduction approach should be designed with an understanding of the poverty elasticity with respect to alternative expenditures. In a perfect world, the poverty planner would know that a marginal dollar spent on economic growth or governance or health or education—or primary versus secondary education—would reduce poverty by n percentage points. Such planning model parameters do not exist because the process of reducing poverty—however it is measured, and there exist a multitude of measures—is complex, multidimensional, long-term, and shaped by the initial conditions of each country.

In the absence of such perfect knowledge, a second-best approach to poverty reduction is to anticipate how a specific intervention will affect a household and its members, and how it will

change local and foreign demand for the poor's labor, the relative prices of tradables (imported goods or goods that could be exported) and non-tradables (local goods and services for consumption or sale), and the prices of basic consumables bought by the poor household. A poverty reduction approach should also monitor over time the impact of project and program interventions on a range of poverty indicators.

Methodology

Using the conceptual framework outlined above, an assessment team composed of a team leader from PPC, a public health specialist, an economist, and a democracy expert spent 10 days in Mali in December 2001. Interviews were conducted with U.S. foreign service and national staff of USAID Mali, as well as with representatives of the Government of Mali, other development donor agencies in Mali, and USAID Mali contracting or cooperating partners. Interviews were conducted as objectively as possible and with awareness of the potential for response bias.⁵ An abbreviated version of this paper was reviewed by USAID Mali in April 2002 and feedback solicited from Washington-based USAID personnel in May 2002. A list of those interviewed in Mali is provided in Annex 5.

Key questions (see also Annex 2) asked by the assessment team included:

- Is USAID pursuing a different program strategy in a country such as Mali that is pursuing a poverty reduction strategy? To what extent has USAID followed or modified its traditional approach? To what extent is the approach consistent with a poverty reduction approach?
- What is USAID's relationship to the country PRSP process? How involved is the USAID mission with HIPC discussions?
- How have congressional earmarks affected budget allocations within the mission and thus helped or hindered the implementation of a

⁴ This is notionally the same as the World Bank's three-tiered approach outlined in its *World Development Report 2000/2001* on poverty, which focuses on promoting the poor's opportunity and access, facilitating their empowerment, and enhancing their security.

⁵ This refers to the tendency for well-meaning informants to characterize all USAID Mali activities as poverty-reducing.

poverty approach? What would be different if there were no earmarks?

Contextual information on Mali's economic and political environment is presented in the next section, followed by an analytic description of the programs under each mission objective.

Recent Developments in Mali

Mali's Economic Situation

Mali's economy is small—\$2.4 billion (CFAF 1,760 billion) in 2000. The value of public sector expenditures was \$600 million (CFAF 440 billion), about 25 percent of total GDP. Annual debt service was \$61 million (CFAF 45.4 billion) (Ambassade de France au Mali 2000). In 1999, official development assistance from bilateral and multilateral development organizations to Mali was about \$354 million (not including contributions by China or Libya) on a net disbursement basis. This was equivalent to 40–50 percent of the national budget and 15 percent of GDP.

Mali is poor, and its poverty is overwhelmingly a rural phenomenon. With an annual per capita income in 1998 of \$250, Mali is considered both a least developed and a highly indebted poor country. Since the 1994 devaluation of the CFAF, overall GNP growth (Table 1) has been positive, even in per capita terms (population growth rate is 2.4 percent per year), averaging 5.3 percent from 1994–2000. Poor rainfall in 2000 and a farmer boycott of cotton production were expected to result in negative growth for 2001. However, with a significant increase in cotton producer prices

approved for the 2001 planting season, the real GDP growth rate is expected to reach 7 percent in 2002 (Republique du Mali 2001c).

Yet different data sources reveal different stories about the evolution of poverty during this same period. Mali's Sustainable Human Development Observatory (ODHD) indicates that despite fairly robust economic growth the percentage of the national population living below the poverty line has only come down slightly from its peak in 1996, as shown in Table 2.

Table 2. Poverty Incidence in Mali
(Percentage of Population under \$1/day)

| Year | Urban | Rural | National |
|------|-------|-------|----------|
| 1994 | 36.6 | 75.6 | 68.8 |
| 1996 | 40.6 | 78.3 | 71.6 |
| 1998 | 36.3 | 76.0 | 69.0 |
| 1999 | 31.2 | 71.3 | 64.2 |

Source: Sustainable Human Development Observatory (ODHD)

The measurement of the incidence of poverty in Mali reported by the ODHD is based on a household expenditure survey conducted in 1994 under the auspices of the Enquête malienne de conjoncture économique et sociale (Malian Economic and Social Survey). The survey measured the percentage of the population whose expenditures fall below the poverty line. Mali's poverty line is estimated as the level of expenditure required for the purchase and consumption of 3,500 kg of rice in order to meet the World Health Organization (WHO) standard of 2,450 energy kcal. Annual reporting after 1994 consists of updating the 1994 expenditures by the application of per capita GDP growth and taking into account current rice prices. This implicitly

Table 1. Annual GNP Growth Rates
(Percentage)

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 est | 2002 est |
|-----|------|------|------|------|------|------|------|----------|----------|
| GNP | 2.7 | 7.0 | 4.3 | 6.7 | 5.0 | 6.6 | 4.7 | –1.2 | 7.0 |

Source: DNSI. Comptes économiques du Mali as reported in Dante et al. (2001b, 2)

assumes that income distribution, and thus expenditures, has not changed since then, which is questionable. A new Enquête malienne sur l'évolution de la pauvreté (Survey on the Evolution of Poverty in Mali) is being carried out in 2001 by the Direction nationale de la statistique et de l'informatique (DNSI), with support from the World Bank. Its results are not yet available, but it will serve as the reference base from which to measure the future impact of the PRSP.

Another source of data is Mali's Demographic and Health Survey (DHS), the administration of which is supported by USAID Mali. This survey collects household data on more than 70 indicators, including fertility, maternal and child mortality, malnutrition, and educational attainment in rural and urban areas. The third survey was completed in 2000. Sahn and Stifel (2000) use the survey data on household assets (not income) to measure the evolution of poverty in Africa. "For Mali, the result with this approach is a sharp decrease in poverty (and the poverty gap) between 1987 and 1995. The headcount falls from 23 percent to 16 percent, using the 25th percentile of 1987 as the poverty line—and from 43.3 percent to 30.8 percent using the 45th percentile of 1987. Reduction of poverty is effective in the urban and rural sectors" (Dante et al. 2001b, 3).

A team of Malian and U.S. health and economic analysts, led by Michigan State University, disagrees that comparison of DHS data from one round to another is possible, given that different samples are at the base of each survey round. Their examination of regionally disaggregated agricultural productivity, income, and household health and nutrition data suggests that income is positively, albeit weakly, related to better child health and nutrition.⁶

The UN Development Programme (UNDP) also estimates a Human Development Index (Table 3) for the whole country and for each of Mali's

⁶ Tefft, Penders, Kelly, Staatz, Yade, and Wise (2000) note that the first and second DHS cannot readily be compared because of different sample bases. They also note the absence of a household-level database, combining health and nutrition, income, agricultural productivity, and budget and consumption data, that would allow for more complete and rigorous analysis.

Table 3. Human Development Index by Administrative Region

| Region | 1992 | 1999 |
|-----------|------|------|
| Bamako | .45 | .57 |
| Kayes | .31 | .34 |
| Koulikoro | .28 | .32 |
| Gao | .29 | .32 |
| Sikasso | .27 | .31 |
| Ségou | .26 | .29 |
| Mopti | .23 | .26 |
| Timbuktu | .25 | .26 |
| National | .29 | .34 |

Source: UNDP and République du Mali

Note: No human development index is reported for Kidal.

regions (except Kidal). The index is a multidimensional, composite measure, which includes life expectancy, level of education, and per capita income. Bamako's index is significantly above the national average. The regions at or just below the national index level include Kayes, Koulikoro, Sikasso, Ségou, and Gao. The two regions notably at the low end of the distribution are Mopti and Timbuktu.

Mali is enormously dependent on agriculture, its largest single sector, accounting for 45 percent of GDP and employing four-fifths of the nation's population. The largest subsectors within agriculture are cereals, livestock, and cotton. A small but growing subsector covers "new crop opportunities," such as the production of mangoes and green beans (*haricots verts*) for export, as well as other horticultural crops for local or regional consumption. Variability of the agricultural sector accounts for 90 percent of the variability of total GDP. Compared with total GDP growth from 1994 to 1999 of 4.9 percent, value-added in traditional cereals (millet, sorghum, fonio, maize) production has increased by 5.6 percent, in rice production by 9.8 percent, and in cotton production by 11.6 percent (Tefft et al. 2000, 15). While most of this increase has been due to area expansion, yields for many crops have crept steadily upward.

Mali's link to markets beyond its borders is weak. Ninety percent of Mali's exports are of primary products, i.e., cotton fiber, gold, and livestock. The first two are sold on world markets, while livestock is exported mostly to coastal West African markets. Road and rail linkages to those markets have long been characterized by high risk and high formal and informal transaction costs. This has reportedly not been changed significantly by the January 2000 introduction of the West Africa Economic and Monetary Union (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo).

Mali's potential for exporting a wide variety of non-traditional, high-value products, including textiles and leather, wrought iron and furniture, silver and gold jewelry, and services such as music and tourism, remains largely untapped (UNCTAD/UNDP 2001). Some experiments with the export to world markets of nontraditional products, such as horticulture and artisan products, have been undertaken. However, successful delivery of these goods requires the presence of reliable air freight systems, which, as of December 2001, had fallen into disarray with the collapse of two international airlines previously serving Bamako.⁷

In 2000, the Malian economy was hit hard by several exogenous shocks, including a steep increase in the price of fuel, a key importable; a sharp decline in the price of cotton, a key exportable; and poor rainfall. Ramifications of the cotton market shock on national income led to the complete reversal of government policy with respect to agricultural producer prices. In the late 1990s, Mali had agreed with the World Bank to modify its cotton producer compensation to a system that set the domestic producer price of raw cotton as a function of world prices. When the producer price supplement⁸ was

dropped in 2000 because of the sharp fall in world fiber prices, farmers boycotted growing cotton, leading to a 50 percent decrease in cotton production (2000/2001 crop year) and negative GDP growth for 2001, the first decline in a decade. The World Bank and IMF have agreed with a government decision to grant cotton growers a substantial producer price increase to CFAF 200 per kg. The cost of this subsidy is estimated at \$16–30 million (CFAF 12–20 billion), as much as half of Mali's annual debt service obligation.⁹

The poor rainfall in 2000 resulted in a 17.5 percent decline in cereals production for the 2000/2001 crop year. Together with the cotton sector problems, it is clear that Mali's agricultural sector progress during much of the 1990s rests on a fragile base. Potential for increasing productivity of traditional cereals, rice, livestock, and horticulture crops still exists. The new agricultural sector strategy adopted by USAID Mali's economic growth office focuses on increasing agricultural productivity, but acknowledges that Mali's economic development remains highly vulnerable to rainfall irregularities, terms-of-trade shocks, high factor costs, and underdeveloped human and physical capital. As noted in a draft of USAID Mali's country strategy paper, "This is clear evidence of the high degree of fragility and vulnerability within the Malian economy, as it is largely dependent on primary agricultural and mineral production, and *reinforces the immediate need for diversifying the economy*" (emphasis added) (USAID Mali 2001b).

Mali's Political Situation

Most of Mali's postindependence history gave little sign of the country's democratic potential.

⁷ For their air freight needs, Malian exporters had relied extensively on Sabena airlines, which charged CFAF 1,000 per kg. It fell into bankruptcy in the aftermath of September 11. Air Afrique is also struggling to remain solvent, and is being taken over by Air France, which now charges CFAF 1,800 per kg and is the only remaining air freight service provider from Bamako to Europe. With Air France set to run Air Afrique operations in the near future, many are concerned that the lack of competition in and out of several key West African cities, including Bamako, will result in higher freight costs. See "Un mauvais coup pour l'Afrique" in the December 2001/January 2002 *Economie*, 10–12.

⁸ In 1999, the producer price of CFAF 185 per kg seed cotton (among the lowest producer prices paid in francophone Africa) was the sum of a fixed producer price of CFAF 145 per kg plus an additional profit-sharing margin of CFAF 40 per kg, known as a *ristourne* (producer price supplement). As an additional compensation, farmers also used to receive 50 percent of the cottonseed ginned from their seed cotton in the form of cottonseed cake, highly prized as a livestock feed. This was also dropped in 2000.

⁹ According to the government (Republic of Mali 2001c), an amount of almost similar magnitude—\$13.5 million (CFAF 10 billion)—is being charged to cover the public sector investments for the Africa Nations Cup soccer championship taking place in Mali in January–February, 2002.

Following independence from France in 1960, Mali was ruled by a civilian government with strong socialist leanings. In 1968, a military coup brought to power Moussa Traoré, a young lieutenant whose corrupt leadership undermined his initial popularity and quickly eroded the military's reformist reputation.

After more than two decades of military rule, pro-democracy agitation surged in early 1991. Students, labor unions, human rights organizations, members of the media, and other civil-society groups united in opposition to Traoré's regime. These disparate groups coalesced around a common agenda for reform that included an end to the single-party state dominated by the Democratic Union of the Malian People (UDPM); the institutionalization of multiparty politics; respect for basic human liberties such as freedom of expression, freedom of association, and freedom from repression and torture; and an end to corruption in public office. Overall, there was a palpable sense that the single-party state had failed to promote either development or good government. By March 22, when the military opened fire on unarmed protesters and killed hundreds, the "people's revolution" had gained unstoppable momentum. Hundreds of thousands of Malians took to the streets to demand an end to the UDPM's unresponsive and authoritarian rule. After days of unrest and rioting, a reform-minded faction of the military arrested Traoré and brought tentative calm to the country. The military was immediately pressured by civil society to include a majority of civilians in a new transitional government of national unity, which guided the country through a national conference, a constitutional referendum, and the founding elections of a newly instituted multiparty political system.

Both deep pessimism and great hope have colored Mali's first decade of democracy. Yet Mali has succeeded in preserving democratic institutions while weathering storms of social protest, political intrigue, party infighting, labor unrest, and a violent separatist movement. The surprising success of Mali's democratic experience has been credited to a combination of recent economic growth, social

structures conducive to democracy,¹⁰ a unique political culture, a favorable international environment, and effective political leadership (Smith 2001).

USAID's new strategic plan notes, "One of the most important outcomes of the transition to democracy was the overwhelming consensus among Malians on decentralization of governance as a structural goal." Local elections for newly created, decentralized political entities (communes) occurred in 1998 (urban communes) and 1999 (rural communes). Nearly 10,000 local officeholders were elected across the country. Systematic data on the capacity and performance of decentralization has yet to be gathered, and impressionistic views differ widely. However, in general, the effectiveness of the new political and administrative organization is uneven, hampered by what have been described as decentralized gray areas, where competencies and authorities have yet to be clearly defined or implemented. Nonetheless, decentralization in Mali seems to offer, at the very least, a promising opportunity for greater voice and empowerment to grassroots groups, marginalized populations, and the poor than did the top-down administrative structures it replaced. Water, health, and education services are three sectors in which legislative reforms will allow the decentralization of personnel and resources to the commune level. However, decentralization is not a guarantee, and there remains potential for localized authoritarian rule reproducing the most oppressive components of traditional society.

Despite some rough spots along the way, the spring 2002 presidential election should help solidify the democratic process in Mali. The results of the election will be important in two respects significant to this study. First, to the extent that the new president puts his weight behind the PRSP process and promotes both poverty reduction and growth, the PRSP process will be enhanced, and its prospects

¹⁰ While there are many aspects of traditional Malian social organization that support democracy (social reciprocity, habits of community care, religious and ethnic tolerance, checks and balances on traditional power holders, etc.) there are also countervailing and anti-democratic forces (caste, slavery, and debt peonage traditions, marginalization of women and the handicapped, etc.) that often prevent many subgroups from fully participating in local decisionmaking.

for positive impact will improve. Second, the inclusion of a larger number of parties in the National Assembly will restore that institution to its rightful function as a balance to the executive branch and as a source of ideas and healthy debate that it has not enjoyed since 1997. This could bring greater attention to issues of poverty and the role of donor coordination, as well as Malian government and donor activities in support of poverty reduction.

USAID and Mali's PRSP Process¹¹

USAID has made substantial contributions to the PRSP process, particularly in the area of civil society, and there are several important reasons why USAID should continue to do so. Mali needs donor assistance to keep the PRSP process focused on economic growth rather than income distribution programs. Further, the PRSP also provides an important opportunity to foster coherence among donor programs, because coordination is based on a commonly-agreed goal (poverty reduction).

Participation also gives donors more say on previously taboo issues such as corruption. Finally, participation gives USAID a stronger voice in the programming of HIPC debt relief monies. These issues are discussed in more detail below.

As noted above, Mali is highly dependent on development aid. Two-thirds of official development assistance comes from bilateral sources, while multilateral organizations provide the remainder. The United States is Mali's third largest bilateral donor, fourth largest overall inclusive of the World Bank (Table 4).

The current drafting of the country's PRSP, which is expected to be finalized by the end of June 2002, is marked by two earlier processes. In 1997–1998 the OECD's Club du Sahel conducted a review of the aid system in Mali. In the course of this review, a donor coordination committee, the Mixed Commission, was established and is presently under Dutch leadership (Damon et al. 1999). USAID's mission director at that time was an active participant. At the same time, the Malian government

conducted its first comprehensive poverty planning exercise, entitled the National Strategy for the Fight Against Poverty (*Stratégie Nationale de lutte contre la pauvreté*), with support from the UNDP (Diallo and Raffinot 1999). This process was widely touted by the government as the first participatory exercise by Malians to determine their own strategies for development. Eight axes and 41 action areas were defined by this process, and implementation of the strategy was assigned to a newly created Ministry of Social Development.

In 1999, the World Bank and IMF announced their HIPC debt relief initiative. To qualify for debt relief, eligible countries must present a strategy—the PRSP—for translating fiscal savings into a medium-term expenditure framework to support poverty reduction. A PRSP coordination unit (*Cadre*

Table 4. Official Development Assistance to Mali, FY1999
(Net Disbursements in \$ Million)

| | Net Disbursement | Percentage of Total |
|----------------------------|------------------|---------------------|
| Bilateral donors | 237.3 | 67.0 |
| France | 58.2 | 16.4 |
| Germany | 48.8 | 13.8 |
| United States | 34.2 | 9.7 |
| Netherlands | 26.2 | 7.4 |
| Japan | 25.5 | 7.2 |
| Canda | 18.3 | 5.2 |
| Other | 26.1 | 7.4 |
| Multilateral donors | 119.5 | 33.1 |
| World Bank/IDA | 46.3 | 13.1 |
| European Commission | 23.2 | 6.6 |
| African Development Bank | 20.9 | 5.9 |
| United Nations* | 17.5 | 4.9 |
| IMF | 11.6 | 3.3 |
| Total | 356.8 | 100.0 |

Source: OECD/DAC, as reported in Ambassade de France au Mali, Coopération France Mali 2000.

* Includes UNDP, WFP, UNICEF, and WHO

¹¹ This section draws from donor and community interviews in Bamako and Dante, Gauteur, Marouani, and Raffinot (2001b).

stratégique de lutte contre la pauvreté—CSLP) was established in Mali to draft the PRSP, not in the Ministry of Social Development, which had been in charge of the previous poverty strategy, but rather in the Ministry of Economy and Finance.¹²

The October 18, 2001 provisional draft PRSP is a broad planning document that encompasses social sector spending and economic growth targets. It acknowledges that economic growth, while positive in recent years, has not been sufficient to prevent an increase in poverty.¹³ Compared with the 1999 national poverty incidence of 64.2 percent, the PRSP targets a real GDP growth of 6–7 percent per year in 2002–2004 and a poverty incidence of 47.5 percent for 2006. Given the weak relationship observed between positive 5.3 percent annual economic growth since 1994 and the slight reduction observed in poverty (from a high of 71.6 percent in 1996), achieving a 16.7 point or 26 percent reduction in five years seems exceedingly optimistic. An overall investment rate of 22.8 percent is targeted for the period 2002–2006 (9.8 percent per year by the public sector and 6–8 percent per year in the private sector), and specific sectoral objectives are also targeted in nine thematic areas.

The assessment team spoke with several Malian economists and poverty planners who all use the same language when referring to the PRSP: “Mali cannot just focus on redistributing the pie in favor of the poor, Mali must also work to increase the size of the pie.” Perhaps not coincidentally, many of these same analysts have been working together in the macroeconomic framework thematic group of the PRSP.

Some observers outside of this circle noted that government pronouncements in the press regarding poverty strategies emphasize redistribution and social policies. Several donors frankly admitted their concern that Mali is not prepared to take responsibility for its own growth path, believing that Mali sees the confluence of the PRSP and its

decentralization program as an opportunity for local communities to program directly with donors for resource needs. This approach would continue aid dependence at all levels of governance rather than put Mali on the path toward eventual reduction in external financing requirements.

While a rough macroeconomic model based on input-output analysis may exist within the PRSP planning unit, others have noted that the lack of a multisectoral conceptual model linking economic growth and social progress makes coherent planning difficult. The absence is not surprising, in view of the dearth of such models in Africa. Nevertheless, it would seem necessary to spell out the conceptual linkages between the poverty, growth, and investment objectives and the social and micro-, meso-, and macroeconomic policies and investments needed to achieve them.

One interviewee noted that while the Government of Mali’s understanding of the root economic causes of poverty may be weak, the biggest change is that the international financial institutions are no longer directing the discussion. With the PRSP process, it is the Malians who are asking themselves what their priorities are—an important step forward.

To formally launch the PRSP drafting process in February 2001, 11 new thematic groups were created.¹⁴ The Government of Mali at the national level, Malian civil society, and a broad swath of the donor community are represented in these groups. Resource constraints did not permit USAID to hire outside consultants or cover a portion of the operating expenses involved in the PRSP preparation. However, the coordinator of the PRSP at the Ministry of Economy and Finance observed, “The contributions of USAID to the PRSP process have been multifaceted and very valuable. ... They have been one of the most significant contributors to the process.” Donors noted the particularly strong contributions and consistent presence of USAID Mali’s

¹² It has not yet been decided whether implementation of the PRSP and monitoring of its impact will revert back to the Ministry of Social Development when the paper is completed.

¹³ Note that this contradicts the official data published by the DNSI, which actually show a slight decrease in poverty.

¹⁴ The groups include: 1) macroeconomic framework, growth, and competitiveness; 2) governance, institutions, space; 3) income, solidarity, and social security; 4) infrastructure; 5) rural development; 6) education; 7) health and population; 8) environment; 9) employment and training; 10) culture, religion, and peace; and 11) monitoring and analysis of poverty.

program officer and economist at meetings of the macroeconomic group. The democracy and governance strategic objective team leader led one subgroup of the governance thematic group and drafted the civil society section of the PRSP. It was at her insistence that a gender component was placed into the governance section of the PRSP. All of the above occurred in spite of the fact that USAID Mali had received no instruction from Washington encouraging participation in the PRSP process.

Representatives from other USAID Mali Special Objective (SO) offices also attended PRSP meetings, although less regularly. Several attendees noted that a number of the forums seemed large, ineffective, and lacking clear priorities and action. Some voiced concern that Ministry of Education personnel steering the PRSP group on education had little knowledge of Mali's current planning processes in education. The PRSP section on education acknowledges different levels of poverty in Mali and suggests classifications for them (poor, very poor, etc.). However, the education group did not discuss equity of access to educational opportunity by income class, although it did identify education activities that would benefit the poor, such as literacy programs and practical skills training for young mothers and out-of-school youth.

Comments on the October 18, 2001 PRSP draft were solicited from the entire USAID mission, coordinated through the mission director's office, and submitted to the Mixed Commission through the Netherlands Embassy. These contributed to a coordinated donor position on the PRSP and were forwarded to the PRSP steering committee, charged with drafting the final document.

The perspectives of civil society organizations on priorities for the PRSP were also solicited, although few of the organizations participated on a regular basis in the PRSP discussions.¹⁵ There appeared to be little actual participation by private-sector businesses.

Also, a number of USAID staff in the health and education areas felt that there was little obvious participation from either civil society or the poor. While overall participation of civil society in the PRSP process may not have been high, what participation there was can be directly attributed to active support from the democratic governance SO team, both in terms of USAID staff and support to intermediary NGOs. Without the input of USAID Mali's democratic governance SO office, the PRSP process would have been even less participatory and legitimate. USAID financed a roundtable, organized by one of the USAID-supported intermediary NGOs, to facilitate an exchange of views among civil society organizations.¹⁶ This was described by a number of interlocutors outside of USAID as the single most active civil society group in the process. The Malian Organization for Assistance to Children of the Sahel (*Oeuvre malienne d'aide à l'enfance du Sahel—OMAES*) provided meeting space, conducted workshops, and prepared a separate, unsolicited report, which was submitted to the PRSP steering committee in July 2001. Even though the report was largely critical of both the process and the content of the PRSP, government officials described this participation as both helpful and important.

The October draft of the PRSP was to have been aired for the first time with local-level representatives during Dutch aid-supported regional consultations scheduled to take place in December 2001 and January 2002, after the PPC evaluation team's departure from Mali. Although the original deadline for submission of a final PRSP to the international financial institutions was December 31, 2001, it was agreed that participation, ownership, and quality of the final product were more important goals than the deadline, which was extended into 2002.

The final PRSP document is expected by many members of the donor community to serve as a reference document for all social and productive sector programs over the next five years. Detailed, 10-year sectoral assistance programs predate the drafting of the PRSP for the education (PRODEC); social, sanitary, and health

¹⁵ Formally included under this umbrella were representatives from PVOs, women's PVOs, consumers, the human rights organization, the national labor union, the chamber of commerce and industry, employers, chambers of agriculture, the artisans' federation, religious groups, children's groups, municipalities, journalists, proponents of debt relief and economic criticism, youth, parents, and community health associations.

¹⁶ USAID Mali had requested unsuccessfully \$50,000 from Washington to help support the PRSP process more directly.

(PRODESS); and justice (PRODEJ) sectors. The PRSP will regroup these into one comprehensive medium-term expenditure framework.

There are important reasons for USAID to maintain active involvement in the PRSP process. The PRSP negotiation is a good opportunity for donors to improve coherence among their programs, where coordination is based on the commonly agreed goal of poverty reduction. According to one respondent, “Before, donor coordination was just sitting around the table and telling each other what each one was doing. Now, all the donors seem to be thinking through the consequences of their programs on poverty reduction.” One ex-USAID Mali officer noted, “If the PRSP succeeded in doing all that it purported to want to do, it could easily become a convenient docking platform for virtually the entire USAID portfolio. U.S. Government strategy and fieldwork fit perfectly with the PRSP—with a little more work, perhaps it could help coordinate and better integrate our large portfolio with those of other donors in-country.” In addition, several donors commented on the fact that participation in the PRSP process gives them a new voice with which to address the government on issues that previously had been off-limits, such as corruption and aid effectiveness. This new political economy leverage¹⁷ suggests that whether or not USAID’s approach officially embraces poverty reduction as an overarching objective, it is in USAID’s interest to participate as actively as possible in PRSP negotiations.

Another important reason for participation is that it gives USAID a potential voice in the setting of policy priorities as the Malian government programs HIPC debt relief monies. Although total government budget resources freed up as a result of debt relief are small (the savings from debt relief are expected to total about \$870 million over 30 years), they will be programmed accord-

ing to overall sectoral, priorities identified in the PRSP. Many of Mali’s donors already provide budgetary support in these sectors and will be well positioned to make recommendations on the programming of the HIPC funds. However, USAID generally does not provide budgetary support, although project activities are taken into account in the action plans in many sectors. Given its very high level of engagement in civil society, USAID must ensure that it keeps its position at the government table when these funds are programmed. The FY2003–2012 strategic plan confirms the strong possibility that the sectoral committees formed for drafting the PRSP will remain in place after its approval to facilitate coordination and implementation. If this is the case, USAID intends to continue its active participation in the sectoral committees of relevance to its portfolio.

Debt relief for Mali is expected to yield savings of about \$870 million over 30 years. These savings are to be reallocated to increased expenditure in the social sectors of education and health. Many of Mali’s donors already provide straight budgetary support into one or more of these programs, and they may expect the medium-term expenditure framework to facilitate this process. In contrast, USAID is generally not permitted by Congress to contribute program support so directly. Indirectly, however, USAID’s project activities are taken into account in the drafting of these action plans in many sectors. As an example, contributions from USAID Mali helped to insure that a gender-nuanced perspective on poverty was included in the text.

USAID’s Partners

USAID Mali’s program is notable compared to those of the rest of the donor community for the extent to which it routes fewer resources through the national government. Two factors have shaped USAID’s strong preference for working with nongovernmental agents in program implementation in Mali and elsewhere. The first is an assessment of the higher effectiveness of PVO implementation in social service areas and greater relevance of private sector partnerships in economic growth areas. The second is the realization that working through government agencies had become very labor-intensive, and risky from

¹⁷ Others have recognized the added political economy dimension of the poverty reduction approach. See Finnemore’s “Redefining Development at the World Bank” (1997); Cooper and Packard, *International Development and the Social Sciences: Essays on the History and Politics of Knowledge* (1997); and Boer’s “Attacking Poverty: Rediscovering the Political Economy” in the *Third World Quarterly* (2001).

a financial accountability perspective.

In addition to the congressional prohibition against direct budgetary support, USAID perceives capacity weaknesses in the government and has concerns with regard to its ability to track resources, monitor results, and attribute resources to USAID. Thus, the agency prefers to channel efforts largely through the private sector or U.S. or Malian NGO partnerships. Only about 15 percent of USAID's portfolio directly supports Malian government development programs (Table 5). Most of these are highly targeted service delivery programs, e.g., family planning services, medicine distribution, and extension services to women. The largest proportion of the portfolio—45 percent—is channeled through U.S. PVOs providing targeted social services to local communities. The remaining 35 percent is allocated through U.S. private sector contractors, other U.S. government agencies, and other partners. PVO programs concentrate heavily on grassroots delivery of services to poor people.

In certain key policy areas USAID Mali has moved away from regular engagement with the national government and toward project partnerships in the private sector and with civil society. While one of USAID Mali's strategic objectives focuses on sustainable economic growth, this portfolio is largely focused on agriculture and microfinance. Other key sectors of the economy and important macroeco-

nomie issues—such as privatization, infrastructure development, civil service reform, tax reform, and financial sector reform—do not command much attention from the mission. In some instances, other donors are already quite active in these areas; for instance, France and World Bank are engaged in active discussions with the Government of Mali regarding the restructuring of the Compagnie Malienne pour le Développement des Textiles (Malian Textile Development Company—CMDT), one of the few large parastatals left to be privatized or restructured, and the Canadian Government is active in the area of fiscal reform.

Nevertheless, as the pendulum of donor preferences swings, the mission's strong dependence on non-governmental agencies to carry out its program now raises some concern that it risks losing influence with government. Several donor representatives in Bamako commented on the “disappearance” in recent years of USAID Mali from policy discussions with the government, and suggested that as a result the United States is no longer considered an active partner. They also raised questions about this tactical shift in strategy in favor of PVOs, suggesting that while direct coordination of development assistance via local PVOs may appear to bring the program closer to ultimate targeted beneficiaries, it has the effect of creating a new rent-seeking class of organizations that may have tenuous ties to grassroots levels.

Table 5. USAID Mali: Grants and Agreements with U.S. PVOs and Direct Support to Government Programs, FY1998-2002
(Obligation in \$ Thousand. Percentage is of Total Obligation for Each Objective.)

| Strategic Objectives | Total Obligation | Grants and Agreements with U.S. PVOs | | Direct Support to Government Activities | |
|-----------------------------------|------------------|--------------------------------------|-------------|---|-------------|
| | | Obligation | Percentage | Obligation | Percentage |
| SO1: Youth (Health and Education) | 83,900 | 38,790 | 46.2 | 12,200 | 14.5 |
| SO2: Economic Growth | 50,785 | 15,305 | 30.1 | 12,800 | 25.2 |
| SO3: Democratic Governance | 15,865 | 10,840 | 68.3 | 0 | 0.0 |
| SP1: Information | 4,150 | 0 | 0.0 | 0 | 0.0 |
| SP2: Assistance to North | 10,719 | 10,719 | 100.0 | 0 | 0.0 |
| Total | 165,419 | 75,654 | 45.7 | 25,000 | 15.1 |

Source: Annex C, Table 14

Donors also commented on the fact that participation in the PRSP process gives them a new voice with which to address the government on issues that previously had been off limits, such as corruption and aid effectiveness. This new leverage suggests that whether USAID's approach officially embraces poverty reduction as an overarching objective or not, it is in USAID's interest to have its missions participate as actively as possible in PRSP processes.

Disengagement from dialogue with government policymakers may reduce USAID's visibility at the national level on key policy issues, especially those having to do with economic growth strategizing. Poverty in Mali is widespread, and economic growth is the fastest and most efficient way to reduce it (Dollar and Kraay March 2000). The United States is the fourth largest bilateral donor, yet proportionately little of the mission's portfolio is directed toward enhancement of the environment enabling economic growth. Given that policy reform is probably the most important means of achieving economic growth and reducing poverty in African countries (Collier and Dollar 2001, 1787–1802), it may not be appropriate for Mali's fourth largest donor to leave policy reform to other donors. Increasing the importance of the program economist office in the mission could help strengthen USAID's participation in key economic areas. Weak economic growth can only make Mali's democracy more vulnerable (Barro 1996). In short, economic growth challenges in a desperately poor country like Mali are enormous, and argue for expansion of the program, if not a reversal in funding priorities among the SO areas.

USAID Mali's Strategic Approach and Program Performance

USAID's strategic approach in FY1998–2002 was strongly pro-poor¹⁸ even though poverty reduction has not been an explicit, overarching goal. At a UNDP Poverty Reduction Roundtable in Geneva in 1998, the United States was one of the few Mali donors

to report that 100 percent of its portfolio was available to combat poverty. The mission's new strategic plan for FY2003–2012 explicitly aims to reduce poverty and accelerate economic growth through a wide variety of public-private partnerships. The major emphasis of the 1998–2002 portfolio has been on the delivery of services to poor people in rural areas: health and education services, microfinance loans, agricultural extension to farmers (including women), and grassroots empowerment at the local level. These priorities are to be continued under the FY2003–2012 program. Services in these sectors are in most cases delivered by U.S. and Malian civil society organizations rather than the government.

Over the last five years, USAID Mali has managed a portfolio of \$166 million, allocated across three SOs and two SpOs (Table 6). Half of the portfolio is devoted to health and education of Mali's youth, one-third to economic growth, and lesser amounts to democratic governance, information, and special development issues in the north. Nearly two-thirds of the mission's portfolio is composed of service delivery programs that directly benefit poor people at the grassroots.

The following sections assess programs in each of these strategic and special objective areas with respect to poverty reduction.

SO1: Youth (Health and Education)

Though USAID may not formally acknowledge poverty reduction as an overarching objective, from recognized links between high fertility, malnutrition, poor health, and lack of education, on the one hand, and poverty, on the other, it seems clear that efforts under the youth SO contribute strongly to Mali's poverty reduction efforts.

For FY1998–2002, USAID Mali's health and education objectives are combined in the youth SO, stated as "improved social and economic behavior among youth."¹⁹ The health component focuses on access to child survival, family planning, HIV prevention, and reproductive health services that emphasize young people, ages 15–24, as target beneficiaries. Mission-managed activities of \$48 mil-

lion are outlined in Table 7. The total health portfolio, which has obligated \$62 million over five years, includes technical assistance brought in from central field support programs (listed in Annex C).

The largest health contractor in the youth SO area, a consortium led by John Snow Incorporated (JSI), works both with the Ministry of Health to increase the quality of reproductive health service provision

Table 6. USAID Mali Portfolio, FY1998–2002

(Obligation in \$ Thousand)

| Objectives (Program Area) | Total Obligation | Total Obligation | Direct Programs | | Indirect Program | |
|-----------------------------------|---------------------|---------------------|-----------------|-----------|------------------|-----------|
| | | | Obligation | Percent | Obligation | Percent |
| SO1: Youth (Health and Education) | 83,900 | 51 | 51,335 | 61 | 32,565 | 39 |
| SO2: Economic Growth | 50,785 | 31 | 33,375 | 66 | 17,410 | 34 |
| SO3: Democratic Governance | 15,865 | 10 | 10,840 | 66 | 5,025 | 32 |
| SpO1: Information | 4,150 | 3 | 0 | 68 | 4,150 | 100 |
| SpO2: North | 10,719 | 6 | 10,719 | 100 | 0 | 0 |
| Total | 165,419 | 100 | 106,269 | 64 | 59,150 | 36 |

Source: Annex C, Table 14

Table 7. USAID Mali Activities in Health, FY1998-2002

(Obligation in \$ Million)

| Partner | Health Activities | Obligation |
|---|--|-------------|
| John Snow Inc. (JSI) | Social marketing of contraceptives (i.e., distribution of condoms); assistance to Ministry of Health in training of service providers and supervisors, development of national in-service training strategy, and development of reproductive health policy standards | 13.7 |
| World Education (subcontractor to JSI) | Strengthening of village health committees | 0.5 |
| Save the Children | Child survival (vaccinations, prenatal care, micronutrient supplementation, training of traditional birth attendants), reproductive health (HIV prevention, family planning, peer education), local NGO capacity building | 8.4 |
| Ministry of Health | Budgetary support to national and regional governments | 4.2 |
| CDC | Technical assistance to Ministry of Health in HIV/AIDS program development | 4.0 |
| CEDPA | Peer education in reproductive health | 4.0 |
| Africare | Child survival, reproductive health, planning assistance to <i>cercles</i> | 3.7 |
| CARE | Child survival and reproductive health, strengthening of village-level health committees | 2.9 |
| CLUSA | Creation and revitalization of community-managed health clinics, AIDS organizing | 1.0/0.7 |
| Others* | Buy-ins | 12.8 |
| Total | | 55.9 |

Source: Annex C, Table 14

* see Annex C, Table 14 for listing

and with the private sector on the social marketing of contraceptives. PVO partners (Africare, CARE, CEDPA, CLUSA, and Save the Children) are active at the community level on technical and managerial aspects of delivery of services such as vaccinations and maternal and child health care. Interventions with respect to sexually transmitted infections and HIV, including voluntary testing and counseling, are provided through a participating agency service agreement with the Centers for Disease Control and Prevention (CDC).

The education component of the youth SO (\$27.9 million—see Table 8) aims to increase access to primary education and strengthen the capacity of national and local institutions that provide primary education services. Important contractors are JSI and the Academy for Educational Development. A community school program is implemented through cooperative agreements with Africare, Save the Children, and World Education.

Central Priority of Poverty Reduction

The youth SO portfolio represents nearly \$85 million—over 50 percent of the mission's total portfolio—for FY1998–2002. This compares favorably

with UNDP's guideline of 20 percent for development aid to social services and in terms of the Government of Mali's spending 40 percent of its budget on health and education. Youth objective activities and policies also appear well-aligned with World Bank and OECD guidelines for pro-poor health systems, which emphasize primary schooling (especially for girls), investment in local-level health and education infrastructure, community control and financing, maternal and child health, and low-cost health interventions such as immunization and social marketing of condoms.

Poverty is understood to be a critical barrier to the pursuit of health and education services. Sensitivity to varying degrees of economic accessibility is required if the poor are to be included as beneficiaries in health and education service delivery. For instance, during Mali's vaccination programs in the mid-1980s, many women did not even have the 20 cents needed to buy a vaccination card for their children, so they did not receive vaccinations. Interviewees felt that greater attention to issues of economic and financial access to social services in all regions of Mali would improve the efficiency of service delivery targeting.

Table 8. USAID Mali Activities in Education, FY1998-2002
(Obligation in \$ Million)

| Partner | Education Activities | Obligation |
|-------------------------------------|---|-------------|
| Ministry of Education | Budget support to national and regional governments via the Education Sector Expenditure Plan | 8.0 |
| Save the Children | Community school development | 7.2 |
| World Education | Community schools development, NGO capacity building | 5.0 |
| Africare | Community schools development, collaboration with Ministry of Education for teacher training | 2.4 |
| John Snow Inc. (JSI) | Curriculum development in health, nutrition, and life skills | 4.2 |
| Academy for Educational Development | | 0.6 |
| Other | | 0.5 |
| Total | | 27.9 |

Source: Annex C, Table 14

In 1995, the mission's education team made a strategic decision to build community schools in rural areas and underserved regions because government schools were generally placed in wealthier areas. Thus, community schools are by definition schools for the less fortunate. Girls are an important target group for the mission, more because of the perceived positive externalities between increased access to primary education and improved family health rather than an explicit focus on reducing gender bias. However, the community school program reaches only those families who can afford to send their children to school.

As a result of USAID participation in education policy negotiations, the Ministry of Education agreed to provide monthly salary support (equivalent to about half a teacher's salary) to 2,500 community schools. This is a significant policy achievement, because it signifies government recognition of the community schools as a legitimate part of the educational system.

USAID programs are targeted to poor people generally. Child survival and reproductive health programs by nature focus on women and children, who tend to be poorer in terms of health and economic status. However, the health portfolio makes no specific effort to target programs to poor people. Areas of intervention are not systematically selected using criteria based on geography, income, or health indicators. Mission staff and partners question the utility of targeting, since most people in Mali are poor. Targeted programs within a community risk stigmatizing the poor. The youth SO operates in all five of Mali's southern regions, where 90 percent of the population resides, though it is not possible for the program to effectively cover such a vast area. The regions are often divided up among the donors or chosen by PVOs based on their expertise or past success in certain places. People with the poorest health status tend to live in the most remote areas, where it is more difficult for PVOs to work. Organizations committed to equity sometimes choose to implement health activities in underserved areas, but USAID Mali has not requested that they do so. Under its current strategic plan, the youth SO does not support health or

education activities in the northern regions, home to some of the most vulnerable people in Mali. Rather, these are managed under the special objective office for the north. Increased integration of the north into health and education SOs is planned for the new strategic plan, expected to be launched in FY2003.

Definition and Measurement

Youth SO indicators do not measure effects on poor groups, though indicators are disaggregated by gender and by rural or urban residence. Mission education officers note that it would be possible to compare school access and completion rates for target groups with a control group or a national average, but they have not been asked to do so. It is difficult to measure the impact of education on any group. Program assessments rely on indirect measures, such as completion rates, and assume that education reduces fertility rates and encourages economic growth.

Lack of specific measurement of program impact on the poor means there is no explicit incentive to implement activities that benefit the poor and contribute to long-term poverty reduction. PVOs report that because the mission is not asking them to work in remote areas, it is sometimes difficult to justify the expense of serving isolated—and perhaps most vulnerable—populations. Moreover, measurable results are much easier to obtain from direct interventions than from indirect efforts, such as capacity building of ministry offices. Just as the development of gender-disaggregated data has helped ensure that programs reach women, specific poverty indicators may be necessary for monitoring progress toward poverty reduction.

The Role of Government

The process of decentralizing social service delivery in Mali has been underway since the 1991 revolution. Frustrated by the ineffectiveness of the central government at delivering some measure of health and education services to rural populations, Malians have insisted on devolving resource allocation decisions to the local level. However, there is some concern that the pendulum may have swung too far. For instance, USAID mission health staff members

raised concerns that decentralization of donor and U.S. PVO social service delivery to the village level may have allowed the state to abdicate its responsibility for health and education financing.

Both the health and education offices work closely with government ministries, acknowledging the importance of the public sector in the provision of social services. The education portfolio includes direct assistance to the Ministry of Education for activities such as school construction, teacher training, and policy dialogues. In health as well, USAID provides a budget supplement to the Ministry of Health for the training of personnel and technical support for family planning management and logistics. Some \$8 million in mission health funds were distributed directly to national and local government structures in 2001. Because 65 percent of youth portfolio dollars are distributed to PVOs, some fear that USAID's access to the Ministry of Health has been diminished. This is aggravated by the fact that some PVOs who cooperate with the ministry have not sufficiently acknowledged USAID's financial backing, giving the ministry the impression that the PVOs themselves are funding programs.

Direct and Indirect Approaches to Poverty Reduction

Although direct assistance is associated with pro-poor outcomes, a good balance between direct and indirect assistance is essential to provide sustainability and long-term impact. In Mali, where poverty is so prevalent, the financing of direct social service delivery via PVOs may not be sustainable in the long run.²⁰ Moreover, PVO-implemented programs can only reach a limited number of beneficiaries per dollar spent. A greater number of the poor could be helped through broad-based efforts to address the sources of poverty and the systems that perpetuate it. Some PVOs acknowledge that their programs have been too focused on direct service delivery, while administrative and policy problems go unaddressed.

The youth SO spends an estimated 58 percent of its portfolio on activities that reach the poor directly, such as vaccination programs, condom distribution,

and community school construction. The remaining 42 percent supports indirect activities such as policy reform, curriculum development, social service corps training, and direct budget assistance to ministries and regional governments. Both the health and education teams recognize the importance of engaging in both direct and indirect activities. Youth SO staff indicate that working exclusively with communes would alienate the ministries, but a policy-level emphasis would make for slow program implementation. One education officer suggested that while some work at the government level is necessary, a large portion of the education program should be spent for on-the-ground activities.

In a country like Mali, where 65 percent of the population lives on less than \$1 per day, direct social services are largely unsustainable and PVO-implemented programs reach few people per dollar spent. A greater number of poor could be helped through broader-based efforts to address the sources of poverty and the systems that perpetuate it. Some PVOs acknowledge that their programs have been too focused on direct service delivery, while administrative and policy problems loom large.

An example of an administrative and policy problem stemming from direct service delivery is the human resource crisis that deprives rural populations of responsible and qualified teachers and health workers. The current focus on inservice training in health has overshadowed the importance of quality preservice training, which is more sustainable and cost-effective. Pro-poor investment in preservice training might begin with public health training for paramedical cadres, such as community health nurses, rather than clinical training for doctors and professional nurses whose career expectations may not include work in poor areas. A government program could subsidize tuition in exchange for rural service after graduation (USAID/Africa Bureau 2001b).

To address the scarcity and poor motivation of health and education workers in poor areas, the mission is currently supporting nontraining interventions, such as government-financed salary sup-

plements for teachers and improved supervision systems for health workers. Additional programs might include community-supported construction or improvement of housing for health and education workers in rural areas, and procurement of medical and educational supplies for poorly equipped staff.

Direct interventions could be delivered more cost effectively. Malian NGOs have been highly successful in providing mobile services such as vaccinations, nutritional supplementation, AIDS education, family planning counseling, and contraception to rural populations. These low-cost interventions serve the 75 percent of Malians who live more than 5 km from a public health facility. Continued investment in local NGO capacity in accountability, monitoring, and coordination could reduce the delivery costs of these essential services.

Vulnerability of the Poor

Food security programs in West Africa offer classic examples of direct poverty reduction assistance, because they serve populations that are most vulnerable to hunger, such as those in emergency or transitional situations. Vulnerability mapping exercises are used to identify food-insecure populations who may live in isolated areas or lack access to land and agricultural inputs. Food security programming is protected by legislation that allows programs in countries where missions do not exist or which do not necessarily even request food aid.

Mali does not receive direct U.S. food aid. However, the mission supports a \$5.2-million food security program with funds provided by food aid (which is monetized elsewhere in Africa). Implemented by Africare, this program monitors the health and nutritional status of malnourished children in the northern region of Timbuktu. Because this is a highly targeted program, children are weighed and measured to ensure that only malnourished children and their mothers are assisted.

Empowerment of the Poor

Health professionals note that the poor are seldom heard from. Instead of demanding quality health

services, the poor simply stay away from health centers. Much more work is required to help the poor understand laws regarding public services at health centers, improve the transparency of health service pricing structures, and teach health care providers to be advocates for the poor. One interviewee noted that data on client satisfaction with service delivery should be collected as one measure of quality of care. Poor quality of care is an important reason why the poor do not make use of services. However, more research is needed to find out why some poor people do visit public clinics.

Mali's progressive decentralization process is moving forward, but it may take many years for the locally managed health and education structures to become operational. Mayors and communal officials are not yet conscious of the new roles and responsibilities they must assume, nor are constituents aware of the need to organize themselves to demand quality services. Increased community control and financing designed to empower the poor are creating stress on the revenue bases of rural communes and poor families. The laws for taxation and spending at the commune level are complex and poorly understood. In conjunction with work on decentralization, health and education financing workshops are being organized for community leaders. Communities need information on how to collect and manage the rural development tax and how to find other sources of revenues for health and education.

Youth SO activities are involved in technical assistance to village health and education committees and are sensitive to the effects of decentralization on the poor. Mission education staff ask if decentralization has not allowed the government to abdicate its responsibility for health and education financing. The education team continues to look for ways to reduce education costs for poor communities.

Earmarks

Development assistance earmarks by Congress are designed to protect social service spending. Yet these same earmarks sometimes act as barriers to effective programming in Mali. For example, as a

result of earmarks, USAID Mali's health portfolio has twice the budget of the education portfolio. This is difficult to justify in Mali, where the Ministry of Education is better able to absorb money than the Ministry of Health. Youth SO staff testify that it is difficult to do policy reform with earmarks. Food for Peace staff in Bamako report that earmarks requiring direct feeding limit program effectiveness because distribution of food is not usually the best way to reduce poverty.

In education, budget earmarks for primary education do not allow youth SO activities to support nonformal education programs that could serve the vast and vulnerable majority of Malian youth who are currently not in school. Congressional budget earmarking, which supports *primary* education, is interpreted as a directive against support for education programs targeted to illiterate adults and out-of-school youth older than primary school-age children.

SO2: Sustainable Economic Growth

Importance of Economic Growth and Trade

Economic growth is the second largest component of USAID Mali's FY1998–2002 portfolio. The sustained economic growth objective was "increased value-added of specific economic subsectors to national income." Thirty percent of the mission's portfolio is allocated to this SO, which provides technical and financial assistance for private sector growth as well as institutional and policy reform. It is a broad-based program, active in the cereals, livestock, and horticulture activities that occupy the vast majority of Malian producers. However, program elements benefiting women and microenterprises are pro-poor.

Trade is also an important component of Mali's economic growth strategy. However, because the greatest opportunities for Mali's exports are found in increased regional integration, this aspect of USAID's work is managed out of the West Africa Regional Program (WARP) office. As one former USAID Mali officer noted, "USAID Mali suggestions to increase funding for economic growth were

regularly frustrated by the congressional micromanagement practice of earmarking, which essentially left the mission with no choice but to fund the social issues. Economic support funds (ESF) funds had essentially dried up, and economic growth funds were increasingly rare and generally reserved for the more advanced economies. In contrast, basic health and basic education funds were plentiful and easy to obtain. ... Were Congress, and Washington more generally, to have given Bamako the authority to shape its own budget, the mission would clearly have emphasized more strongly the economic growth issues, particularly those in support of the local private sector."

Priority Assigned to Agricultural Development

The sustainable economic growth program is strongly concentrated in the agriculture sector (summarized in Table 9), which is appropriate in view of Mali's essentially agrarian nature. Three of SO2's five intermediate results focus on the important productive sectors of cereals, livestock, and alternative commodities (nontraditional horticultural crops for export). Together, these subsectors comprise about 45 percent of GDP. Intermediate results indicators target increased aggregate national production and trade in these three sectors. The two remaining intermediate results relate to the microenterprise and natural resources sectors.

To achieve its objectives, the agriculture program uses a fairly flexible approach through a combination of resident technical assistance contractors and cooperators, direct support of the Ministry of Rural Development's extension programs, and buy-ins to centrally funded programs. The approach is to look for value-added opportunities with both individual and associations of producers, processors, and traders in the three productive subsectors.

The largest single activity within the portfolio is the Center for Agro-Enterprise project. This resident technical assistance program helps Mali's agricultural entrepreneurs to develop new business opportunities in improved marketing, storage, and processing. It also help them develop bankable business plans and provides training in applied business

Table 9. USAID Mali Activities in Economic Growth (Agriculture), FY1998-2002
(Obligation in \$ Million)

| Partner | Economic Growth Activities | Obligation |
|--|---|-------------|
| Chemonics | Center for Agro-Enterprise (technical assistance to traders and farmers, training courses in business management, construction of model processing centers) | 15.0 |
| Ministry of Rural Development | Budget support for extension (livestock, horticulture), research | 12.6 |
| Michigan State University | Agricultural market information networks, policy analysis | 5.0 |
| CLUSA | Business management for cooperatives and other rural civil society organizations | 4.2 |
| CARE | Rice irrigation development in the Niger delta | 2.3 |
| Enterprise Works | Grassroots appropriate technology and business development | 2.0 |
| Integrated Pest Management-Collaborative Research Support Program (IPM-CRSP) | Pesticide research | 0.5 |
| Support for Economic Growth and Institutional Reform-SEGIR/Nathan Associates | Policy analyses | 0.5 |
| Total | | 55.9 |

Source: Annex C, Table 14

management. There is considerable emphasis on nontraditional commodities with regional export potential (e.g., potatoes, shallots) and processing opportunities (e.g., sorting and cleaning grains for export, preparing shea nut butter for export). In response to the lack of agribusiness investment financing, the mission initiated a loan guarantee fund that seeks to support new agribusiness opportunities for small and medium enterprises working in agro-processing.

Taken from the FY2003 Results Review and Resource Request (the “R4” statement), the mission asserts that its “interventions in the promotion of private investments in irrigation, introduction of improved seeds and related farming practices and continued emphasis on cereal marketing policies, contributed significantly” to increased rice harvests. Furthermore, “Improved market infrastructure (construction of livestock markets), developing bet-

ter management capacity among livestock cooperatives, and developing stronger business relationships between Malian exports and importers in neighboring countries” contributed to substantial increases in cattle production and export. Support for improved efficiencies in livestock vaccine production and distribution through the government veterinary laboratory “had a very significant impact on health and production.” The mission’s support of market information services “... was highly effective in establishing a regional network of cereals and livestock traders.” (USAID 2001c)

An assessment of new opportunities for Mali’s sustainable economic growth SO suggests a program that creatively couples what could be termed a growth-oriented strategy with one that specifically addresses a major element of what might be seen as a pro-poor agricultural strategy (Tyner et al. 2002). In one area of high growth potential and favorable

resource endowment, promoting the expansion of irrigated agriculture in the Office du Niger is recommended. With respect to helping to mitigate risks faced by Mali's most vulnerable farmers, the team is also recommending that USAID Mali become involved in the multiplication of seed varieties with higher and more reliable yield profiles for sorghum and millet, the rainfed cereals grown by farmers in Mali's least favorable agricultural zones.

The importance of USAID Mali's focus on agriculture notwithstanding, the mission runs the risk of overlooking sectors important to promoting growth and diversification of the Malian economy. USAID Mali presently overlooks nonagricultural sectors, such as manufacturing (especially in industries adding value to areas of agricultural comparative advantage, such as textiles and leather) and services (tourism, music, the arts). Mali lacks investment, which in turn is stymied by weak infrastructure in roads, rail lines, water and sewage, air transport networks, and electricity. Privatization of state-owned enterprises, civil service reform, legal and regulatory reform, and financial sector reform have also received minimal attention in this portfolio. Long-term training of Malian technical experts has been nearly completely abandoned; its reinstatement is recommended by the Abt Associates sustainable economic growth assessment team, which visited Mali in November 2001. In short, economic growth challenges in a desperately poor country like Mali are enormous, and argue for expansion of the program, if not a reversal in funding priorities among SO areas. As one senior foreign service national employee noted, "In the past USAID participated in public sector reform. Now we separate ourselves and work with beneficiaries at the grass-roots level, working in the formation of human capital. Why can't we get involved in the public sector any more?"

Economic analyses supported by USAID have highlighted constraints to improved competitiveness of the Malian economy that include, inter alia, transportation inefficiencies within the region and to world markets, infrastructure deficiencies (e.g., electricity, telecommunications, wastewater treatment),

workforce development needs, underinvestment by foreign and local investors in everything from irrigation to manufacturing and service sector businesses, lack of financial sector depth, and weak access to technology and global market information.

Direct and Indirect Approaches to Poverty Reduction

Clearly many sustainable economic growth activities would fall under the indirect category of growth-mediated interventions, such as cereal and livestock sector policy reform, institutional strengthening of the veterinary and laboratory services, and establishment of commodity price information networks. However, several other activities involve the direct delivery of services to smallholders, e.g., the direct support of the Ministry of Rural Development's Rural Development Organizations and Office du Niger, both of which provide extension services to farmers. According to the 2003 R4 report, improved natural resource management practices were extended to 1,980 individual smallholders. Also, the sustainable economic growth program involves direct investment by USAID in facilities and equipment such as stockyards, storage warehouses, and cereal grain mills. These are used by the Center for Agro-Enterprise to demonstrate uses for improved agricultural technologies. Table 6 presents the assessment team's best judgment of the breakdown of obligations across direct and indirect interventions.

Through both its bilateral mission and the WARP, USAID has also supported economic policy reform over the years in many areas, although past engagement in policy reform by USAID Mali was at higher levels. USAID played a critical role in the multi-donor, multiyear (1981–1999) effort to reform Mali's cereals market. Monetization of food aid bought a series of reforms under the program for restructuring cereals markets (*Programme de restructuration du marché céréalier*), culminating in the liberalization of cereals marketing within Mali, increased production and investment, and expanded cereals trade with its regional neighbors (Dembélé, Nango, and Staatz 1999). Since then, the government has abolished or reduced the size of

cereals parastatals and removed production, price, and marketing controls. USAID was also involved in the restructuring of the Office du Niger, modification of land tenure arrangements in rice-growing areas, privatization of state-owned rice mills, and revision of the forestry code to encourage local investment. These actions have helped create a more competitive environment for both producers and traders that in turn has led to increases in irrigated cereal productivity and expansion of production, thus enhancing Mali's potential contribution to rice exports in the region.

Specific policy reforms achieved over the last five-year country strategic plan period were middle-level reforms aimed at removing institutional barriers to better subsector performance. Some of USAID's actions have included restructuring the government's Research Institute for Rural Economy and its veterinary service to generate income independent of public support and removal of formal and informal intraregional trade barriers. To promote livestock export competitiveness, USAID's policy work helped to eliminate an export tax on raw hides and skins and simplify livestock export formalities. In addition, the mission made substantial progress in persuading the government to remove the ceiling on interest rates and has supported the development and enforcement of an improved legal framework for microenterprise institutions.

In 2000–2001, USAID Mali supported work in the area of policy strengthening and reform, including an analysis of the effect of the West Africa Economic and Monetary Union on Malian firms' competitiveness. This analysis assessed prospects for value-added exports from Mali's textiles and leather sectors, and evaluated wheat and mining sector policies as well as nonbank financial sector policy to promote investments in the expansion of irrigated rice production. USAID Mali also contributed to the training of Mali's world agricultural trade negotiators and agricultural private sector representatives in advocacy techniques. USAID's WARP also supports a cooperative agreement to further training in the area of infrastructure modernization with respect to regional electricity generation and

sharing, which has clear benefits for Mali.

In the area of microfinance, the sustainable economic growth program includes technical assistance to the newly created professional association of microcredit institutions to achieve sustainability of operations, implement industry standards, and advance the policy agenda. The last includes lobbying the Central Bank of West African States to raise interest rate ceilings on microcredits above the present 27 percent and to introduce regulatory harmonization between the rules in force for credit union and non-credit union institutions.

Nevertheless, there are still outstanding policy issues in Mali. Tyner et al. (2002) point to policy issues affecting various areas, including the cotton sector, finance, the business climate, the legal and regulatory environment, and physical and human infrastructure development. Macroeconomic issues of policy inflexibility due to certain rigidities inherent in the regional monetary and economic unions to which Mali belongs may also need to be addressed at some point. A number of these issues are handled elsewhere, either by lead donors, such as the World Bank, or by USAID's WARP. Although the mission has supported small efforts in these areas through buy-ins to global policy indefinite quantity contracts, a more important area of intervention should have been bilateral technical assistance and training in globalization-related issues (such as trade, broader regional integration with the Economic Community of West African States, and collaboration with the World Trade Organization—WTO).²¹

Vulnerability of the Poor

One of the greatest risks faced by Malians—especially poor, rural Malians—is climatic variability. A portion of USAID's sustainable economic growth program has sought to promote private investments in irrigation, which is one element of a risk-minimization agricultural strategy for Mali. A

²¹ A trade capacity building initiative launched in Mali in December 2001 explores needs in non-agricultural sectors like manufacturing (especially in industries adding value to areas of agricultural comparative advantage, such as textiles and leather) and services (tourism, music, and the arts).

March 2002 agricultural sector assessment for Mali notes:

A country as poor as Mali suffers much more than other countries from variability in climate or external market conditions. While the percentage of the population that is poor is quite high, the percentage that is vulnerable is extremely high. Dealing with vulnerability is part and parcel of poverty alleviation. The two major themes of the strategy being proposed in this paper are risk reduction and productivity enhancement. Risk reduction is imperative if we are to reduce vulnerability (Tyner et al. 2002, 53).

USAID's new program will support investments in irrigation, increased production of basic cereals, greater productivity in livestock through improved feeds, diversification through horticultural products, and some value-added processing activities. These interventions were selected not only because they contribute to reduction of poverty and increased economic growth, but also because they lead to an overall lower level of risk and, consequently, vulnerability.

The FY1998–2002 sustainable economic growth program explicitly addresses risk and vulnerability issues through its microenterprise program, which is carried out by three U.S. PVOs and one private consulting firm consortium. According to the mission's R4, the program reached 71,582 loans for an outstanding loan portfolio \$3,437,787 in 2000. This translates to about 60,000 clients, or about 15 percent of the total 400,000 microfinance clients in the country (the total potential clientele in the country numbers 1.5 million). Guidance from USAID/Washington dictates that 50 percent of microfinance credits must go to the most poor, which in Mali is defined as those earning less than \$300 per year.

Women's perspectives are well integrated into USAID Mali's economic growth program. Many of the programs target needy rural women and, in so doing, target some of Mali's poorest and most vulnerable. For example, USAID Mali supports the

training of village cooperative associations and helps the Ministry of Rural Development in the Upper Niger Valley Office to assist women in the marketing of alternative horticultural crops (especially mangoes and green beans), which are an important source of income for women in Mali. The sustainable economic growth program also targets women through agroprocessing assistance in the Office Riz-Ségou (e.g., the processing of starch and finished food products from manioc) and works with the Office du Niger program to increase women's off-season incomes. A new activity with great promise involves assistance to 300 women's groups who process sheanut for export. In addition, about 95 percent of the 60,000 beneficiaries of the microenterprise program are women.

Policy Coherence

USAID must contend in Mali with several instances of incoherence between U.S. or developed-country policy and development objectives. The first is with respect to the effect of international agricultural market distortions on economic growth prospects. As part of its overall program of economic liberalization, cotton sector reform in Mali has linked the domestic cotton price to world market prices. Yet world agricultural prices have been depressed since 1999, largely reflecting U.S. and European Union (EU) policies of providing large subsidies to their agricultural producers. Such developed-country agricultural policies increase world production and artificially lower world prices (Tyner et al. 2002, 15). A March 2002 IMF report on improving international market access for developing countries estimates that subsidized cotton production in the United States cost Mali 3 percent of its 2001 GDP as a result of the drop in cotton export receipts (IMF staff 2002). That is about \$84 million, compared with the annual USAID program in Mali of about \$33 million.

Another example of policy incoherence is the Bumpers Amendment to the FY1995 Appropriations Act, i.e., the U.S. directive against providing assistance to local agricultural commodities' producers whose exports may compete with U.S. agricultural production. Although cotton is Mali's single largest export commodity, and despite the fact

Table 10. USAID Mali Activities in Economic Growth (Microfinance), FY1998–2002
(Obligation in \$ Million)

| Partner | Economic Growth Activities | Obligation |
|-----------------------------|----------------------------|------------|
| Save the Children | Microfinance | 4.9 |
| Freedom from Hunger | Microenterprise activities | 2.7 |
| World Education | Microenterprise activities | 1.1 |
| Barens/Weidemann Associates | Microenterprise policy | N/A |

Source: Annex C, Table 14

that reform of the cotton fiber subsector is Mali's most pressing political economy challenge today, many respondents said that USAID could not get involved in the cotton sector in Mali because of the Bumpers Amendment prohibition.

Several other examples of such incoherence affecting USAID Mali's programming options may occur with respect to export promotion, which is supported by most development agencies. However, Mali's exports are subject to numerous restrictions upon arrival at U.S. ports of entry and raise issues of tariff peakedness (that is, the tendency of the tariff rate to increase with the degree of processing). These restrictions include agricultural sanitary and phytosanitary regulations and the requirement to use only U.S. or African fiber and fabric in the export of garments to the U.S. (although under the African Growth and Opportunity Act, least-developed African countries such as Mali may process imported fiber or fabric into garments for duty-free export to the United States through 2004).

SO3: Community Organizations and Democratic Governance

The current USAID Mali strategic plan focuses on highly interrelated SOs within the social, economic, and political realms. Among these is a democratic governance SO, expressed as follows: "Community organizations in target communes are effective partners in democratic governance, including development decisionmaking and planning."

This is the first democratic governance SO for Mali, though USAID efforts in the early 1990s were targeted at assistance to Mali's democratization process. The promotion of democratic governance in which community organizations—as the base unit of civil society—participate as equal partners in sustainable national development efforts is viewed by the mission as a means to achieving USAID Mali's program goal as well as a desirable end in itself.

A central and important characteristic of the democratic governance SO is its clear, singleminded focus on capacity-building among the constituent organizations of civil society. This is in stark contrast to the efforts of many such efforts around the world where support and assistance to democratic institution-building at both national and regional levels take pride of place. USAID Mali has chosen instead to target a large proportion of assistance at community-level civil society. The democratic governance SO also articulates a commitment to promoting an environment enabling democratic governance by supporting meaningful decentralization through devolution of power, not simply deconcentration of the state apparatus. In spite of this stated commitment, most activities focus on direct support to community organizations and the linkages between community organizations and local government (summarized in Table 11). Relatively little actual support has taken place for the decentralization process independent of building community organization capacity.

With a handful of additional exceptions (see Table 12), issues of policy, governance institutions, and national-level politics are relatively de-emphasized in this portfolio. Opportunities may be missed at the national level to support building the capacity of the executive branch, political parties, elected assemblies, the justice system, and national-level civil society. Such support would contribute to the environment enabling democratic governance, rule of law, and government accountability, and thus to the environment enabling economic growth. One PVO representative noted that “we lobbied USAID to be able to add some government training to our work and were told that this was inconsistent with the current strategy.” This democratic governance SO is clear in its focus on grassroots development, which in turn has a number of important positive implications for the impact of the SO on poverty reduction. However, some additional attention to the enabling environment, related national-level political and policy issues, and more precise and informed targeting of the poor could make this approach an even more powerful antipoverty tool.

Support to date for civil society under the democratic governance SO has been primarily conducted through a hierarchy of local NGOs. USAID Mali’s democratic governance SO supports the programs

of three U.S. PVOs—Save the Children–USA (SAVE), World Education (WE), and CARE—and one cooperative—CLUSA. In return, these U.S. organizations provide program support and training to 30 Malian intermediary NGOs. These intermediary NGOs—modern, formal organizations—collaborate with and represent 750 community organizations at the village level. The village-level community organizations include producer associations, community development committees, urban neighborhood associations, women’s groups, health committees, student-parent associations, and live-stock cooperatives.

Under the democratic governance SO, intermediary NGOs are seen as a means to reach community organizations and are considered a crucial aspect of civil society. Their role vis à vis community organizations constitutes a necessary and desirable end in itself. Ideally, the intermediary NGOs should provide training and assistance to the community-level groups and develop a reciprocal relationship that allows them to serve as an avenue for grassroots participation at regional and national levels. Impressionistic evidence indicates that this situation is not yet common: the NGOs see themselves more as service deliverers than as advocates for their constituencies. In interviews with the team, one inter-

Table 11. USAID Mali Activities in Democratic Governance with PVO Partners, FY1998-2002

*(Obligation in \$ Million)
(Support in Percentage of Partner Program)*

| Partner | Training and Support of Community Organizations (percent) | Support for Intermediary NGOs (percent) | Local Governance Training and Capacity Building (percent) | Obligation |
|-----------------------|---|---|---|-------------|
| World Education/OMAES | | 95 | 5 | 3.8 |
| CLUSA | 74 | 26 | | 2.4 |
| SAVE | 42 | 40 | 18 | 2.2 |
| CARE | | | | 1.4 |
| World Education | 75 | 20 | 5 | 1.0 |
| Total | | | | 11.1 |

Source: Annex C, Table 14

mediary NGO leader described himself as a *fonctionnaire de la société civile* (civil society bureaucrat).

Activities carried out by the democratic governance SO's PVO partners center around building community organization capacity by providing training and logistical support in communes, building NGO capacity, and providing training for com-

mune leaders to deepen local governance capacity. The PVOs relative emphasis across these three activities is shown in Table 11. A full listing of democratic governance SO obligations is contained in Annex 3, Table 14.

In addition to the ongoing activities of the PVO partners and their affiliated intermediary NGOs,

Table 12. USAID Mali Periodic Activities in Democratic Governance
(Budget in \$ Thousand)

| Activity | Implementer/ Contractor | Date | Democracy and Governance Budget |
|--|---------------------------------------|--------------|---------------------------------------|
| Election Monitoring Assistance | NDI/IFES/APEM | 1997 | *1,000 |
| Election Assistance Women's Internship Program | IFES/NDI | 2001 | *750 |
| Community Organization Advocacy Training/Cooperative Law | World Learning/ AMEX International | 2001 | 700 |
| Women in Public Life/Civic Education | MSI/IDR | 1998–1999 | 500 |
| Elected and Civil Society | CEPPS/IFES/NDI | 2000 | 500 |
| Leaders Financial Management Training | RTI | 2001 | 320 |
| Newly Elected Leaders Training | CEPROCEDE | 2000/01 | 300 |
| Monitoring and Evaluation Annual Surveys | MSI/InfoStat | 1997–2000/01 | 250 |
| Best Practices Assessment and Curriculum Development | World Learning | 1998/99 | 200 |
| Miscellaneous studies, assessments, surveys | ARD, IFES, and others | 1997–2001 | 150 |
| Role of Traditional Leaders Study | | 1998 | 120 |
| Cooperative Law and Education Reform Study | MSI | 1998 | **99 |
| Intermediary NGO Financial Sustainability Workshop | MSI | Aug–Nov 2001 | 70 |
| Anticorruption Conference partici- pants (Durban and United States) | USAID | 1999, 2000 | 50 |
| Women Parliamentarian Group information technology assistance | USAID | 2000 | 16 |
| Total | | | 5,025 |

Source:

* Economic Support Funds (ESF)

** Project Development and Support (PD&S) Funds

activities under the democratic governance SO also supported a variety of periodic activities of varied intensity over the period of the current strategic plan. These activities are listed in Table 12.

Priority of Poverty Reduction for USAID/Mali Democracy and Governance Programs

By and large, USAID Mali's democratic governance SO has not put an explicit emphasis on poverty reduction in the design, implementation, or evaluation of its portfolio. However, the team believes—as do all of the PVO partners and most cooperating intermediary NGOs—that the rural and grassroots focus of the majority of their activities is prima facie evidence of its pro-poor credentials. One Malian intermediary NGO representative said:

We don't really talk about poverty reduction per se but we know that our work is targeted at it. ...Our approach is first to improve the human capacity of the village organizations. We have an evaluation method that looks at the organization and its capacity. We look at all aspects of the organization, their participation, their democratic practice, their management capacity, and financial sustainability. We then look at the capacity of the organization to improve and evolve and respond to training, including involving and benefiting the poorest in the community.

For example, there is a small village that we may work in that does not have a maternity clinic. There may be one 10 kilometers away, however. The woman who has a husband with a moped can get there when she is going to give birth, the poor woman cannot, and her baby is more likely to die being born unattended by trained medical personnel. So the fact of working with the village health committee to get a trained midwife and a place for birthing will benefit both women, but will benefit the poor woman more.

In many important regards, USAID Mali's democratic governance SO is a model application of poverty reduction strategies integrated into a

democracy and governance framework. Poverty-relevant strengths of the democratic governance SO include:

- targeting most assistance to rural areas where the large majority of Malian poor live
- working in close consort with the youth SO to integrate democracy and governance into health and education activities
- using health, education, and community development (all significant areas of concern for most poor Malians) as entrées to promote good governance and democratic principles of transparency, rotation of power, leadership skills, accountability, financial management, and advocacy
- leveraging the skills and experience of U.S. PVOs and Malian NGOs
- sustaining a focus on the role of women politicians and the importance of women's participation in the political process to target a highly marginalized group
- providing methodologically sound and defensible indicators that furnish rich information on the impact of the democratic governance SO and offer an opportunity to look in more detail at the program's impact on the poor

In spite of these strengths, democracy and governance programs in other areas could result in more sustained and positive impact on the poor. For instance, the democratic governance SO team does not conduct political economy analysis to inform its strategy and thus, assuming a uniform poverty in the countryside, defines as pro-poor any community organization activity in rural areas.²² Some

²² In committing itself to strengthen the macropolitical environment enabling decentralization to succeed, the FY2003–2012 strategy acknowledges, "There is a tendency for policy makers to assume that democratic decentralization guarantees poverty reduction. However, there are several structural and organizational challenges facing decentralized local governance. Unless there are strong oversight and accountability institutions, decentralization can and often has reinforced the power of local elites and has worsened inequalities, phenomena that have adverse effects on poverty reduction."

specific weaknesses of the democratic governance SO in relation to poverty reduction include the following:

- The democratic governance SO team believes its strategy targets the poor, but there is very little articulation of a pro-poor agenda in interactions with PVO partners or the Government of Mali. In at least one instance, poverty reduction as a goal was explicitly rejected in meetings with PVO partners; however, poverty reduction is clearly seen as a product of USAID Mali's sustainable development focus.
- The democratic governance SO team has not paid significant attention to national political institutions and the impact of policymaking and policy implementation on the poor.
- Legal constraints on community organizations and access to justice for the poor are not addressed systematically by the democratic governance SO.
- The targeting of funds at the grassroots has not, for the most part, taken account of extant local power structures and the ways in which community development efforts can reinforce and sustain the power of local elites over less favored groups at the commune and village level. A political economy analysis of activities and impacts may allow a more nuanced set of targeting guidelines.
- The development of a cadre of professional civil society representatives (*fonctionnaires de la société civile*) has tended to monopolize training resources and had the effect of excluding the poorest from democracy and governance assistance. All USAID PVO partners have recognized this problem and most have taken steps to reduce or eliminate the reliance on per diem payments through a process of decentralized training. Attention to this point may again be warranted as the new democracy and governance strategy places more focus on strengthening local elected officials.

Vulnerability and Empowerment of the Poor

An overall poverty analysis of the program would define the causes of poverty, identify who is poor and how the poor earn their livelihoods, and assess the specific poverty reduction impact of various interventions. Areas of intervention could be more systematically selected using criteria based on geography, income, or health indicators. Disaggregated social or political economy analysis needed for pro-poor targeting may seem unnecessarily complicated in a country where the overwhelming majority of the population lives at or below the poverty line. However, requiring development strategists to consider the dynamics of who will benefit from a proposed intervention at local levels may improve the impact of development programs on poor people. In the absence of such analysis, local power holders—who tend to be those that dominate the distribution of assistance at the local level—are likely to benefit the most from development interventions.

Paying explicit attention to who are poor in a rural area and how to deliver services to them can have a direct impact on reducing the vulnerability of the poor. Without an explicit and consistent strategy aimed at the poorest levels of society, it is possible that these benefits will not be realized systematically or that the pro-poor aspects of such a program will go unmeasured and unreported.

The explicit empowerment of the poor is also not a normal subject of strategic planning or activity implementation for the democratic governance SO program, though the democratic governance SO team and PVO partners see their activities as having important empowerment benefits for marginalized groups, particularly women.

One PVO partner has begun to utilize a more nuanced political economy approach as it formulates its new strategic plan in the democracy and governance area. It is not clear if this will be embraced and funded by the democratic governance SO team in the context of the new strategy.

However, the PVO is hopeful that it will have an impact on improving targeting of democracy and governance interventions so that they benefit the most disempowered and poorest groups.

Of the five democratic governance SO indicators reported in the FY2001 R4 document, four can be plausibly linked to a poverty reduction focus because they describe the capacity of community-based organizations. Further data analysis is possible on the poverty-relevant impacts of the democratic governance SO, given the rich time-series database that the democratic governance SO team has developed over the four years that it has conducted annual community organization surveys.

Direct and Indirect Approaches to Poverty Reduction

Much of the democratic governance SO portfolio since 1996 consisted of direct aid (training, capacity building, advocacy support targeted at grassroots community groups) that could arguably be reaching the poor; these are the PVO programs described in Table 11. The indirect components of the portfolio include support for decentralization, civic education, and cooperative law reform (Table 12).

The direct versus indirect aid distinction was presented to most of those interviewed by the evaluation team. One particularly enthusiastic interviewee articulated the need to increase indirect approaches with the following example:

We have also had many direct interventions. ... But take gender issues for instance (waving program booklet in the air). ... See this, we have trained 30 women's groups for 20 years now. This is fine...but it is only a drop in the bucket. We can either try to continue this or we could really make a difference by looking at issues of advocacy and legal reform, things that could impact on the lives of all women for a long period of time.

The basic notion of increasing the scope of action on the part of donors in general and of USAID in particular is becoming more widely articulated. In spite of direct assistance being associated with pro-

poor outcomes, the importance of a good balance between direct and indirect assistance seems intuitive, if issues of sustainability and long-term impact are to remain important considerations.

SpO4: Information and Communications

The information and communications SO is an experimental program designed to make information more readily available and easier to use through increased access to the internet and radio. About 60 percent of the \$4.5 million committed for FY1998–2002 finances internet-related activities such as communications policy reform and internet training for government ministers, mayors, secondary school students, teachers, and women's associations. About 40 percent of the program supports community radio with equipment and training for radio staff such as managers, technicians, and health and education radio programmers.

Internet activities benefit university students and educated urban residents, but community radio reaches out to poor and rural populations with information in local languages. Nearly 80 percent of Malians have access to at least 1 of 118 community radio stations, which have been largely initiated with local efforts and funds. Areas of intervention are those in which USAID Mali's other programs are operating, and synergy is created through communications training in topics like HIV/AIDS and the education reform program in Mali. Training is targeted to women and men, and only communities that have not already received training are served. The information and communication team has future plans to facilitate internet access for radio programmers through the World Space satellite to diffuse internet information to the rural poor.

SpO5: Development in the North

The three regions of northern Mali cover 65 percent of Mali's landmass but contain just 10 percent of the population. Plagued by sporadic, severe droughts and perennially difficult access to water, the northern regions are considered the poorest and most disadvantaged parts of the country. In

1990, northern peoples who felt alienated by the government began an armed rebellion, which has only recently subsided. Due to the political unrest, the northern regions were not included in the mission's strategic planning in 1995–1996. In 1997, an SpO obligated \$15 million for development activities related to the three SOs in targeted areas of the north. All of these activities are direct, small-scale interventions on behalf of Mali's most disadvantaged, implemented by five U.S. PVO partners (Africare, Care, Action Against Hunger, World Vision, and Medical Care Development International). The mission cites the need for rapid mobilization of funds as the reason that government ministries are not involved.

The SpO is designed to help northern peoples “acquire capacity and confidence to promote stability through broad-based sustainable development.” As progress is measured in terms of reduced incidence of armed rebellion, this SpO clearly focuses on political stability rather than economic or social vulnerability. The economic indicators relevant to the north SpO are quite similar to those under the sustainable economic growth SO, but its activities are exclusively direct interventions, such as small-scale gardening and microcredit provision. Program priorities of the majority of implementing PVOs appear to be the construction of wells and water points, followed by creation of community schools. How the targeted areas mentioned in the results framework were selected is not explicit. Mission staff report that PVO implementers chose areas of intervention in consultation with local authorities, who likely steered the PVOs to areas of greatest need. “We build wells and school in places that they don't exist,” said mission staff. “We improve the quality of life, but we do not protect against shocks.”

Lessons Learned

1 USAID's program effectively mitigates poverty directly but should do more to enable economic growth and opportunity.

USAID's program incorporates many poverty reduction objectives. In a country where 65 percent of the population lives below the poverty line, what is needed is economic growth—a bigger pie—to provide an expanded range of opportunities for Malians to be productive and improve their livelihoods, rather than social service and community development programs that reallocate the pie. Nothing reduces poverty more rapidly and more widely than economic growth. Because Mali is an agrarian nation, it makes sense for USAID to focus—as it does—on Mali's agricultural sector to promote growth and to design ways to increase agriculture's contribution to the economy. The mission has developed numerous opportunities in its current portfolio, and new opportunities have already been identified for inclusion in its new country strategic plan. However, USAID's reluctance to work through public sector offices reduces its visibility at the national-level on key policy issues, especially those having to do with economic growth and governance.

Currently, over 60 percent of mission resources in all SO areas are allocated to activities that provide a direct service benefit to targeted groups. The remaining 40 percent are allocated to activities emphasizing broader economic or policy environments that have an indirect effect on all of the poor. In certain key policy areas, USAID has moved away from regular engagement with the national government and toward project partnerships in the private sector and with civil society. The question is whether USAID is maintaining an appropriate balance between partnerships that favor the private and nongovernmental sectors and direct involvement with the government, particularly in policy affairs.

Growth-related issues that cannot be covered under the agriculture rubric include the creation of an environment enabling growth, such as economic policy and governance reform. There is a risk of

overlooking macroeconomic or nonagricultural sectors that are also important for stimulating growth. These include infrastructure, regulatory, and finance reform; industry and service sector development; and privatization. Some of these issues are regional in scope and thus are dealt with by USAID's WARP. The bilateral mission supports work to promote Mali's increased openness to trade, capital, and information flows, particularly within the West African region, through its collaboration with the regional program. The mission's attention to global market integration issues has been far less pronounced, although it is now collaborating with the World Bank on a program for trade capacity building in specific sectors. Increasing the importance of the program economist office in the mission could also help strengthen attention to these other key economic areas.

Sustainable economic growth is an important component of USAID Mali's portfolio; it focuses on agriculture and agribusiness (approximately four-fifths of program resources) that occupy 80 percent of Malians, and microfinance services (the remaining one-fifth). USAID's reluctance to work through public sector offices reduces USAID's visibility at the national level on key policy issues, especially those having to do with economic growth strategizing.

Empowerment of the poor through enhanced governance capacity building at the local level is taken extremely seriously, to the extent that the mission's democratic governance SO office has been criticized by USAID's Global Bureau for its lack of support for building the capacity of political parties, elections, elected assemblies, and other more conventional objectives of democracy and governance programs. In light of the government's strong commitment to decentralization, the community-level health, education, and empowerment programs that USAID has so carefully nurtured need to be better coordinated with the government's program objectives.

2 Participating in the PRSP process gives donors greater voice at policymaking levels, provides an opportunity for discussion of dif-

ficult subjects, and strengthens program coordination and cooperation.

Donors highly value their participation in the PRSP process. Most representatives believe that donor organizations in Mali, more than ever before, now speak to the government with one voice, which they believe will help reduce negotiation inefficiencies. Moreover, because of the need to demonstrate aid effectiveness to taxpayers at home, the PRSP process empowers donors to address issues that were once taboo, such as corruption.

USAID's role in the PRSP process was supportive, particularly in bringing the voice of civil society into the drafting of the PRSP. Moreover, in developing its new assistance strategy for FY2003–2012 the mission was clearly mindful of the goals and strategies being outlined in the government's PRSP, and in some instances contributed directly to the PRSP process. USAID needs to stay fully engaged in the PRSP process, both from the point of view of donor coordination and from the perspective of the political-economy leverage it gives donors collectively to raise issues (such as corruption, accountability, and aid effectiveness) that would not otherwise get discussed with the government.

USAID should be engaged in the PRSP process for another good reason. The goal of the PRSP is to identify a medium-term expenditure framework in sectors targeted for attention as part of the poverty reduction strategy to be funded by local currencies made available through HIPC debt reduction. Much of the PRSP is an aggregate of different sector-wide assistance programs, some of which have already been defined by donors who provide direct budgetary support. Although total government budgetary resources freed up as a result of debt relief are small, they will be programmed according to overall sector priorities identified in the PRSP. Because USAID contributes only a small proportion of its program to direct government budget support, it will have to see that its project assistance fits into different sector strategy programs. This will require more voice at policymaking levels.

The PRSP process is viewed differently by different actors. One observer characterized it as “neither fish

nor fowl” to suggest that the PRSP is neither a long-term planning reference nor an operational action plan. Some fear it is just an exercise—a piece of paper—being pursued by the Malians in order to get debt relief from the international financial institutions. Some see it as a wish list of many different things, with little analysis to support the recommendations and virtually no recognition of external market constraints or what it will really take to improve Mali’s overall competitiveness.

Some believe that the Government of Mali now understands that achieving poverty reduction will require an agenda balanced across economic growth, social service delivery, and democracy and governance objectives. Others worry that officials at the highest levels of the country do not yet understand economic growth and still accord highest priority in public discourse to education and health services. Some interviewees—mostly development agency economists—say the Government of Mali understands that it is not enough just to redistribute the economic pie but that the size of the pie has to grow.

One donor representative with a long prior experience working in Uganda observed that Mali’s PRSP experience lags behind that of other countries. Compared with Uganda, the PRSP process has not been as open or as organized, and articulation of the national vision has not been as clear.

3 The focus of USAID’s poverty reduction programs could be strengthened by exercising greater selectivity in PVO-implemented programs and better data collection.

USAID could strengthen its portfolio by designing and targeting its poverty reduction programs more carefully. In many instances, USAID allows its PVO partners to make targeting decisions in their choice of regions and socioeconomic groups. Thus, targeting decisions may reflect a PVO’s interests and expertise rather than the area of greatest effectiveness or need. USAID’s program could be better focused on poverty reduction if it was designed with more explicit attention to who the poor are, what they do, and where and how they live. However, data for monitoring poverty reduction is

weak. Should USAID Mali decide to more closely track poverty indicators, it could modify the Demographic and Health Surveys to obtain better household consumption data and to identify where the poorest live, their health status, and their access to services.

4 Concentrating on PVO development partnerships may jeopardize USAID’s participation in the national policy dialogue.

Only 15 percent of USAID’s Mali programs are implemented through the government; about 45 percent are implemented through PVOs. By heavily weighting civil society and the private sector, USAID may be losing its place at the national policy dialog table and thus ceding to others the opportunity to participate in deliberations on broader economic reform issues. Moreover, USAID’s backing of decentralization and civil society may be stimulating the proliferation of petty bureaucrats—rent-seekers in economic terms—without strong grassroots origins or community connections.

Concerns were expressed that a new rent-seeking set of interest groups, some without strong grassroots origins, are being created in Mali. Some felt that by shifting its concept of partnership to heavy weighting of civil society and the private sector, USAID may be losing its place at the national policy dialogue table with respect to broader economic reform issues.

5 Earmarks limit USAID’s ability to foster poverty reduction.

Congressional and USAID’s internal program and budget earmarks inhibit USAID Mali’s ability to take advantage of the strong synergistic linkages between education, health, and economic growth. For instance, earmarks for child survival and development funds prevented greater, badly needed funding of education programs. Further, USAID Mali has been constrained by the need for quantifiable results and by overall funding directives to allocate a greater proportion of its program to health and education instead of economic growth—the allocation it would have made in the absence of such constraints.

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Annex 1. Conceptual Comparison between Sustainable Development and the Evolving Poverty Reduction Paradigm

Table 13. Sustainable Development and the Evolving Poverty Reduction Paradigm

| Comparison Element | USAID's Sustainable Development Approach | Evolving Poverty Reduction Paradigm (EPRP) |
|---|--|---|
| Importance of economic growth | Broad-based economic growth is essential, in both the short and long run. Sustainable development supports "Washington consensus" economic policies of fiscal discipline, redirection of government expenditure on health and education, tax reform, trade liberalization, privatization, foreign direct investment, etc. Less explicit concern with inequality. | Most proponents stress fundamental importance of economic growth. More attention paid to consequences of economic policies on income distribution. Some argue that growth is important in the long run, but can be deferred in the short run in favor of basic health and education (UNDP, UNICEF). |
| Central priority of poverty reduction | Justification in the annual strategic plan emphasizes U.S. national interests. Poverty reduction is seen as a sustainable development outcome, not an overarching goal. Few objectives in the annual plan relate directly to poverty reduction. Sustainable development embraces a country-wide approach. | Poverty reduction and decreased income inequality are overarching goals, justified in terms of ethical and moral imperatives, but also a means of improving the quality of economic growth. EPRP specifically targets the poor. |
| Definition and measurement | USAID's six strategic goals are closely linked to measurable indicators, of which many—but not all—are good poverty reduction indicators. However, no indication of how these individual goals are linked to one or several overarching goals. | With poverty reduction as the overarching goal, it is easier to define and measure progress towards achieving that goal. |
| Increased openness to trade, capital, and information flows | USAID is firmly in favor of openness. Strategic plan lists trade, foreign direct investment, and economic freedom as important indicators of successful performance. No acknowledgment in strategic plan of risks and increased vulnerability attached to greater openness. | Openness to trade, capital, and information flows is welcome among most proponents, but with varying degrees of reservation about increased vulnerability and inequality which may ensue. Opinions range from Oxfam/PVOs ("openness is a threat") to World Bank/IMF ("openness is an opportunity"). |
| Poverty reduction and the role of government | Acknowledges the need for increased accountability, improved transparency, greater democracy, and enhanced governance on the part of government. | EPRP goes further to acknowledge national and local government as important instruments for poverty reduction, and explicitly recognizes value of public services to poor people. |

Table 13 (continued).

| Comparison Element | USAID's Sustainable Development Approach | Evolving Poverty Reduction Paradigm (EPRP) |
|---|--|---|
| Vulnerability of the poor | Disaster assistance in USAID's strategic plan is essentially reactive, short-term humanitarian assistance in response to crises. New attention being paid to conflict prevention, including development of early warning systems. | EPRP goes further and recognizes the need to establish effective, long-term safety nets to lessen the poor's vulnerability to disaster, economic downturn, or incapacitation of the breadwinner. |
| Priority assigned to agricultural development | One of USAID's strategic objectives explicitly highlights the need to encourage more rapid and enhanced agricultural development and food security. | Priority accorded to agriculture and rural development varies across donor agencies, being highest at the International Fund for Agricultural Development and some PVOs, and low in the World Bank, OECD/DAC, UNICEF, and UNDP. |
| Empowerment of the poor | The annual strategic plan encourages rule of law, respect for human rights, credible and competitive political processes, politically active civil society, and accountable government institutions. Less relative emphasis on direct empowerment of the poor. | EPRP supports strengthening the participation of poor people in political processes and local decisionmaking that affect their daily lives, and removing social and institutional barriers that result from distinctions of gender, ethnicity, and social status. |
| Health and education | USAID supports expansion of basic education, especially for girls and women, and higher education institutions. Health objectives emphasize reproductive health services and reduction of HIV transmission. | EPRP emphasizes importance of increasing the poor's access to government services in basic health and education ("human development"); according to some (UNDP, UNICEF), this should be a priority no matter the level of income or rate of economic growth. |
| Environmental sustainability | USAID's environmental sustainability framework emphasizes global environment, biodiversity, and sustainable urbanization, energy use, and local resource management. | EPRP recognizes that environmental concerns must be woven into sustainable livelihood strategies for the poor. Degree of emphasis on environmental sustainability varies greatly among donors subscribing to EPRP. |
| Direct and indirect approaches to poverty reduction | USAID's strategic plan emphasizes economic growth and other indirect approaches at the country level to establish the economic, social, and political environment for poverty reduction. | Because of concern that economic growth and other indirect approaches may not reach the poor, emphasis of EPRP has shifted towards direct interventions. These are relatively well targeted but may not reach large numbers of the poor. |
| Policy coherence | The USAID management goal recognizes the importance of strengthened collaboration with partners and more compatibility with other donor programs. | EPRP goes further to recognize that the poverty reduction focus of donor activities can be seriously undercut by other donor policies (e.g., import restrictions) and international agreements (e.g., WTO accords) in many areas outside of development assistance. |

Annex 2. Questions Asked During Field Interviews

To the extent possible, the following questions were asked of USAID mission staff, other development donor agency staff, Malian government professionals, and key staff of USAID's contracting and cooperating partners.

Priority of Poverty Reduction Goal

- Do Mali and its major international donor partners subscribe to a clear overarching goal of poverty reduction? Is such a poverty reduction program in place? Is it fully integrated into the overall development effort of the government, or is it more of an add-on?
- How closely is Mali working with the multilateral and bilateral donor community to prepare its PRSP? Does the degree of collaboration with donors affect the country's eligibility for debt relief? In what ways do donor activities support the popular participation aspect of the PRSP process? How does this affect the acceptability of the strategy by local stakeholders?
- How does the USAID mission (or other donors) relate to the country's poverty reduction program?
- Where does the USAID mission turn when it needs guidance with respect either to adapting its sustainable development program or developing a greater poverty reduction slant to its program? What sources does it seek for insights and information?
- What types of interventions do USAID (and other donors) emphasize for reducing poverty (interventions to create economic opportunity, empower the poor, improve security/reduce vulnerability, etc.)? How important has each intervention been?

Definition and Measurement

- Is there a monitoring and evaluation process in place within the Malian government for defining poverty, identifying the poor, determining causes, choosing interventions, monitoring progress, and evaluating effectiveness?
- What local capacity is being developed for monitoring poverty reduction progress outside of government, e.g., in local academic or NGO settings?
- How does the USAID mission (or other donors) participate in this monitoring and evaluation process? How do USAID and other donors integrate this effort at monitoring and evaluation with their own performance monitoring and evaluation?
- Are USAID (or other donors) contributing to the development of such capacity and if so, how?

Use of Direct and Indirect Programs

- In the recent past, which has been more important in achieving poverty reduction in Mali: programs which directly target the poor as immediate beneficiary or approaches which, by emphasizing broader economic or policy environments, may be indirect in their immediate effect on the poor?
- Is there evidence that the balance has shifted recently toward use of direct approaches over indirect approaches as a result of establishing a poverty reduction program? With what results?
- What are the proportions of USAID's program that go for direct versus indirect approaches to poverty reduction?
- How effective has each approach been?

- Have budget earmarks affected the balance of direct and indirect assistance? How would the mission's resource allocation differ if there were no earmarking constraints?

Role of Government

- What has been the role of government in supporting poverty reduction within the country and how has this been linked with the relative distribution of income, wealth, and political power?
- What measures have been taken to assure the government's responsiveness toward the needs of the poor?
- How has the Malian government's role in poverty reduction programming influenced USAID's development assistance program and its relations with the government, civil society, and the poor?
- How have the working relationships of each SO division evolved in the last five years with respect to government, private sector, and PVO partners?
- Does USAID continue to work in partnership or through government ministries, or does it do so only in certain SO areas? What is the present balance between private, PVO, and public projects? Has that balance shifted over time, and if so, why?

Vulnerability

- Is Mali (USAID mission, other donors) concerned with the degree of vulnerability of the poor to privation (e.g., resulting from sickness or death of a key income-earner), policy (e.g., resulting from resurgence of inflation or a sudden devaluation), or exogenous (e.g., due to hurricanes, droughts, earthquakes, etc.) shocks?

- What mechanisms exist to avoid crisis and natural disaster? What mechanisms, if any, exist to provide safety nets for the poor over the longer run to mitigate the effects of crises, should they occur?

- Is USAID assistance essentially reactive or proactive?

- What has been USAID's role in insulating the poor from adverse shocks to their wellbeing? What form has this assistance taken (e.g., humanitarian disaster assistance, emergency food aid, food for work)?

Policy Coherence

- Is the Malian government sensitive to areas of possible incoherence between the development strategy it seeks to pursue and industrial country policies in nondevelopment policy areas that may thwart that program? For example, are there contradictions between:
 - U.S. Government economic growth aid and trade policies?
 - U.S. Government public health aid and population policies?
 - OECD country policies on agricultural support programs, export subsidies, and food aid and host-country food security objectives?
- Is the Government of Mali accurately articulating its position within the WTO? With what effect?
- Is the dialogue between the Malian government and the donor community sufficiently open that delicate questions of policy coherence on both sides can be identified and addressed?
- What is the USAID mission's (other donors') position on these issues of policy coherence?

- What are the positions of other U.S. Government agencies (e.g., U.S. Trade Representative, U.S. Departments of State and Agriculture) or other donor governments' nondevelopment agencies relative to the partner country's positions?

Importance of Economic Growth

- To what extent is more rapid economic growth being pursued by the Government of Mali (USAID, other donors)? How successful has the government's (USAID's, donors') growth strategy been?
- Is the pattern of economic growth being influenced in a pro-poor or more broad-based direction, and if so, via what kinds of programs?
- What are the government (mission, donor) resources being allocated to this goal in comparison with others such as basic health and education? Are these viewed as being complementary or in competition? Is the mission satisfied with the level of monies it allocates to the area of economic growth and policy reform? How would the mission's resource allocation differ if there were no earmarking constraints?
- Is the mission (other donors) satisfied with its ability to disaggregate economic growth results by population strata? If not, is it working on new evaluation indicators?
- Has the USAID mission (other donors) stayed engaged with the government on economic policy reform?
- Is the mission (other donors) satisfied with the level of monies it allocates to the area of economic growth and policy reform? How would the mission's resource allocation differ if there were no earmarking constraints?
- Does the mission have a microenterprise program? If so, does it view this as economic

growth-focused or more of a social safety net for the poorest?

Increased Openness to Trade, Capital, and Information Flows

- What has been the Government of Mali's strategy with regard to openness of trade, capital, and information flows? With what results on the rate of economic growth, the structure of production, employment, and income?
- Has increased openness affected Mali's vulnerability to changes in the terms of trade, fluctuations in flows of short-term capital, and other sources of uncertainty? If so, what has been the impact of such vulnerability on the poor?
- How have the USAID mission and other donors supported this strategy regarding openness?
- What has USAID done to help assure that the poor benefit from and are not injured by increased openness?
- If negative short-term effects have been felt, have they been offset by social safety nets or poverty reduction programs?

Priority Assigned to Agricultural Development

- How important is agriculture to the livelihoods of poor people in Mali?
- How vulnerable are the poor to food insecurity?
- What priority has the Government of Mali assigned to agricultural and rural development? Using what means and with what results? How has USAID contributed in this area?
- What percentage of USAID's (other donors') development assistance has flowed into this sector?

- Is the mission satisfied with the level of monies it allocates to the area of agriculture and rural development? How would the mission's resource allocation differ if there were no earmarks?

Empowerment of the Poor

- What is the position of the Malian government (USAID, other donors) with respect to the poor's political empowerment?
- Has there been an effort to increase that empowerment by listening to the poor? Using what mechanisms?
- How has USAID participated in this process? Has its program in democracy and governance contributed to increased empowerment of the poor? If so, how has this been accomplished and measured?
- To what extent does the mission/do other donors undertake political economy analyses of the power relationships that affect the poor's typical lack of empowerment?
- Is the mission satisfied with the level of monies it allocates to the area of democracy and governance? How would the mission's resource allocation differ if there were no earmarking constraints?
- Is the mission satisfied with the kinds of programming it can undertake in democracy and governance, or do political constraints affect programming choices?

Health and Education

- What is the current situation regarding basic health and education in Mali? Has the Government of Mali emphasized basic health and education services? With what results?
- How has USAID contributed to this effort?

- What has been the share of its support for primary education in proportion to all education? In proportion to its total development assistance budget?
- Does the USAID mission emphasize PVOs or public sector service delivery institutions? Is there an advantage of one versus the other in terms of building sustainability?
- Is the mission satisfied with the level of monies it allocates to the areas of health and education? How would the mission's resource allocation differ if there were no earmarking constraints?

Environmental Sustainability

- Have there been Malian government (USAID, other donor) efforts to ensure environmental sustainability for the poor and their livelihoods? Using what means? With what results?
- Does it include disaster mitigation activities?
- How much of this program is related to support for sustainable livelihoods?
- Is the mission satisfied with the level of monies it allocates to the area of environment? How would the mission's resource allocation differ if there were no earmarking constraints?

Annex 3. USAID Mali Five-Year Obligations, by Strategic Objective Portfolio

Notes to the table that follows:

1. A program is “direct” if the change agent—whether that be a representative of government, an NGO, or other involved organization—comes into direct contact with the project beneficiaries (members of the population identified as being poor). Direct programs tend to be government- or PVO-provided services, short-rather than long-term, and affect fewer people because they are usually geographically focused. Examples of direct programs are agricultural extension activities to small farmers or microenterprise lending programs for women.
2. Indirect programs aim to benefit certain population groups with whom there is usually no direct contact. They are generally longer term and have impact on greater numbers of people. Indirect programs might include broad enabling actions; for instance, the policies that promote economic growth or create a stronger legal and judicial environment to benefit an entire population. Indirect programs may also be targeted to poor regions or poor members of the population. Examples of the latter would be legislation defining the rights of women, land redistribution, and policy reform supporting primary education. There is considerable argument that because they are growth-mediated, indirect approaches are more effective at poverty reduction (World Bank 1990; IRIS 1994; Olson 1997, 58–59).
3. Support to a PVO that provides direct services as an alternative to the public sector regime is judged to fall within the direct category even if it involves investment in institutional capacity of the PVO. Support for family planning and condom distribution are judged to be direct programs, since the broader impact can be achieved through growth-mediated policy reforms.

Table 14. USAID Mali Portfolio Obligations by Direct and Indirect Impact, FY 1998–2002

(Line Item Obligation in \$ Thousand. Direct and Indirect Impact in Percentage of Total Line Item Obligation)

| Grantee/ Contractor | Description of Activity | Total | Direct Programs | | Indirect Programs | |
|---|--|-------|-----------------|---------|-------------------|---------|
| | | | Obligation | Percent | Obligation | Percent |
| SO1: Improved Social and Economic Behaviors among Youth (688-001) | | | | | | |
| — Education | | | | | | |
| Ministry of Education | Budgetary support (national and regional) for school construction, teacher training, policy dialogue | 8,000 | 0 | 0 | 8,000 | 100 |
| Save the Children | Community schools program | 7,200 | 7,200 | 100 | 0 | 0 |
| World Education | Community schools program | 5,000 | 5,000 | 100 | 0 | 0 |
| Africare | Community schools program | 2,470 | 2,470 | 100 | 0 | 0 |
| John Snow Inc. | Curriculum development and institutional capacity building | 4,200 | 0 | 0 | 4,200 | 100 |

Table 14 (continued).

| Grantee/ Contractor | Description of Activity | Total | Direct Programs | | Indirect Programs | |
|---|--|--------|-----------------|---------|-------------------|---------|
| | | | Obligation | Percent | Obligation | Percent |
| SO1: Improved Social and Economic Behaviors among Youth (688-001) | | | | | | |
| —, Education | | | | | | |
| Academy for Educational Development | Strategies for Advancing Girls Education (SAGE) project | 600 | 0 | 0 | 600 | 100 |
| Other | Other | 500 | 0 | 0 | 500 | 100 |
| Subtotal-Education | | 27,970 | 14,670 | 52 | 13,300 | 44 |
| —, Health | | | | | | |
| Ministry of Health | Budgetary support (national and regional), family planning management, and medicine distribution | 4,200 | 2,520 | 60 | 1,680 | 40 |
| John Snow Inc. | Social marketing of contraceptives, Ministry of Health training, reproductive health policy | 13,700 | 3,425 | 25 | 10,275 | 75 |
| World Education (subcontractor to JSI) | Community health | 500 | 500 | 100 | 0 | 0 |
| Save the Children | Grassroots child survival and reproductive health and NGO training | 8,400 | 8,400 | 100 | 0 | 0 |
| CDC | Technical assistance in AIDS | 4,000 | 1,000 | 25 | 3,000 | 75 |
| CEDPA | Reproductive health for youth and family planning education and services | 4,000 | 3,000 | 75 | 1,000 | 25 |
| Africare | Integrated youth education and primary health care, food security | 3,720 | 3,720 | 100 | 0 | 0 |
| CARE | Community health | 2,900 | 2,900 | 100 | 0 | 0 |
| CLUSA | Community health | 1,000 | 1,000 | 100 | 0 | 0 |
| CLUSA | AIDS | 700 | 700 | 100 | 0 | 0 |
| | Contraceptive procurement* | 7,100 | 7,100 | 100 | 0 | 0 |
| BASICS | Contraceptives and basic medicines distribution* | 2,000 | 500 | 25 | 1,500 | 75 |

Table 14 (continued).

| Grantee/ Contractor | Description of Activity | Total | Direct Programs | | Indirect Programs | |
|---|--|--------|-----------------|---------|-------------------|---------|
| | | | Obligation | Percent | Obligation | Percent |
| SO1: Improved Social and Economic Behaviors among Youth (688-001) | | | | | | |
| —, Health | | | | | | |
| DELIVER | P.L. 480 food distribution and logistics* | 1,000 | 900 | 90 | 100 | 10 |
| PRIME | Contraceptives and family planning* | 1,000 | 1,000 | 100 | 0 | 0 |
| MACRO | Demographic and Health Survey III* | 1,000 | 0 | 0 | 1,000 | 100 |
| POLICY | Policy, advocacy and other legislative activities* | 710 | 0 | 0 | 7100 | 0 |
| Subtotal Health | | 55,930 | 36,665 | 66 | 19,265 | 34 |
| Total SO1: Youth Strategic Objective | | 83,900 | 51,335 | 61 | 32,565 | 39 |
| SO2: Increase Value-Added of Specific Economic Sectors to National Income (688-002) | | | | | | |
| Chemonics | Technical assistance to traders and farmers, training courses in business management, and assistance to CAE | 15,000 | 11,250 | 75 | 3,750 | 25 |
| Ministry of Rural Development | Budget support; primarily support to Office du Developement Rurale (ODR) for extension services in nontraditionals | 12,600 | 9,450 | 75 | 3,150 | 25 |
| Michigan State University | Market information networks and policy analysis | 5,000 | 0 | 0 | 5,000 | 100 |
| Save the Children | Microenterprise activities | 4,900 | 4,900 | 100 | 0 | 0 |
| CLUSA | Business management training for cooperatives and other civil society | 4,180 | 1,045 | 25 | 3,135 | 75 |
| Freedom from Hunger | Microenterprise activities | 2,665 | 2,665 | 100 | 0 | 0 |
| CARE | Rice irrigation development in the Niger delta | 2,300 | 1,725 | 75 | 575 | 25 |
| Enterprise Works | Grassroots appropriate technology and business development | 2,000 | 1,200 | 60 | 800 | 40 |
| World Education | Microenterprise activities | 1,140 | 1,140 | 1000 | 0 | 0 |

Table 14 (continued).

| Grantee/ Contractor | Description of Activity | Total | Direct Programs | | Indirect Programs | |
|--|---|--------|-----------------|---------|-------------------|---------|
| | | | Obligation | Percent | Obligation | Percent |
| SO2: Increase Value-Added of Specific Economic Sectors to National Income (688-002) | | | | | | |
| Integrated Pest Management Collaborative Research Support Program | Pesticide research | 500 | 0 | 0 | 500 | 100 |
| Nathan Associates | Indefinite quantity contract (under Support for Economic Growth and Institutional Reform-SEGIR program) for policy analysis | 500 | 0 | | 500 | 100 |
| Barents | Microenterprise policy | 0 | 25 | 0 | 75 | |
| Weidemann - | Microenterprise policy | 0 | 0 | 25 | 0 | 75 |
| Total-SO2: Sustainable Economic Development | | 50,785 | 33,375 | 66 | 17,410 | 34 |
| SO3: Community Organizations are Effective Partners in Domestic Governance (688-003) | | | | | | |
| World Education/ OMAES | Support to intermediary NGOs and civil society | 3,800 | 3,800 | 100 | 0 | 0 |
| CLUSA | Training and support of community organizations and support to intermediary NGOs | 2,400 | 2,400 | 100 | 0 | 0 |
| Save the Children | Training and support of community organizations and support to intermediary NGOs | 2,200 | 2,200 | 100 | 0 | 0 |
| NDI, IFES, APEM | Election monitoring assistance | 1,750 | 0 | 0 | 1,750 | 100 |
| CARE | Assistance to local communes | 1,400 | 1,400 | 100 | 0 | 0 |
| Government of Mali, Bintaa | Training elected and civil society women, including leadership training | 2,406 | 0 | 0 | 2,406 | 100 |
| World Education | Local civic group strengthening | 1,040 | 1,040 | 100 | 0 | 0 |
| MSI, InfoStat, ARD, IFES and others | Other studies and workshops | 869 | 0 | 0 | 869 | 100 |
| Total SO3: Democracy and Governance | | 15,865 | 10,840 | 68 | 5,025 | 32 |

Table 14 (continued).

| Grantee/ Contractor | Description of Activity | Total | Direct Programs | | Indirect Programs | |
|--|---|---------|-----------------|---------|-------------------|---------|
| | | | Obligation | Percent | Obligation | Percent |
| SpO1: Improved Access to and Facilitating Use of Information (688-004) | | | | | | |
| Total SpO1: Information | | 4,150 | 0 | 0 | 4150 | 100 |
| SpO2: Development in the North (688-005) | | | | | | |
| CARE | Basic education and civic education | | | | | |
| IARA/MCDI | Basic education and civic education | | | | | |
| AFRICARE | Microenterprise, education and sanitation | | | | | |
| Action against Hunger | Water points | | | | | |
| World Vision | Integrated rural development | | | | | |
| Total SpO2: North Development | | 10,719 | 10,719 | 100 | 0 | 0 |
| Total Portfolio | | 165,419 | 106,269 | 64 | 59,150 | 36 |

Source: Obligations are from USAID Mali

Note: Direct/indirect breakdowns are mission estimates, per note above.

* Mission "buy-ins" to global procurement

Annex 4. Summary of USAID Mali Results Indicators

SO1: Youth (Health)

- Immunization coverage, DPT 3 coverage, children < 1 year old
- Couple-years of protection for men/women of reproductive age
- Population with access to child survival services
- Population with access to family planning services
- Percent quality reproductive health service delivery

SO1: Youth (Education)

- Increased gross access rate (total, girls)
- Increased gross enrollment rate (total, girls)
- Increased sixth grade attainment rate (total, girls)
- Increased sixth grade pass rate (total, girls)

SO2: Sustainable Economic Growth

- Absolute value-added of cereals, livestock, alternative commodities
 - Volume of rice production
 - Total cattle off-take
 - Total area under alternative commodities production
 - Total volume of alternative commodities sold in domestic and export markets
- Net amount of outstanding loans

SO3: Democratic Governance

- Percent of target community organizations forming good partnership with local government to deliver public services
- Percent of community organizations expanding their development services and activities
- Percent community organizations governing themselves democratically
- Percent community organizations pursuing issues with systematic civic action
- Number of target intermediary NGOs effectively representing community organizations' interests

SpO1: Information and Communication

- Population covered by community radio
- Number of private sector internet service providers established
- Number of selected partner institutions connected to the internet
- Radio station staff trained in sectoral development topics

SpO2: North

- New cases reported of armed rebellion
- Community organizations trained in basic management/civic education
- Income-generating activities created with the assistance of USAID-funded PVO's
- Schools created or renovated
- Water points constructed or renovated

Annex 5. People Interviewed in Mali, December 3–13, 2001

USAID

Hélène Binta Ballo, Sustainable Economic Growth Officer, Micro-Finance
Kojo Busia, Democracy and Governance Officer
Amadou Camara, Sustainable Economic Growth Officer, Cereals
Ali Cissé, Team Leader, North SpO
Salif Coulibaly, Senior Health Advisor, Youth Team
Oumar Diakité, Sustainable Economic Growth Officer, Finance
Anna Diallo, Democracy and Governance Team Leader
Mohammed Charif Diarra, Assistant Education Officer
Cheikh Dramé, Sustainable Economic Growth Officer, Livestock
Nancy Estes, Food for Peace Officer
Jean Harman, West Africa Regional Program, Trade Officer
Timm Harris, Program Officer
James Hradsky, former Chief of Mission
Martine Keita, Communications Officer
Sikoro Keita, Program Economist
Korotoumou Konfé, Education Officer
J. Allen Lesser, Education Officer
Dennis McCarthy, Team Leader, Sustainable Economic Growth Office
Charles Morgan, Program Officer
Ursula Nadolny, Health Officer, Youth Team Leader
Jeff Ramin, Education Officer
Paul Tuebner, Chief of Mission
Pamela White, Deputy Chief of Mission

Africare

William P. Noble, Country Representative

Cadre stratégique de lutte contre la pauvreté

Sékouba Diarra, Coordinateur, Cellule Technique, Ministère de l'Economie et des Finances

Canadian International Development Agency

Zamilatou Cissé, Economic Counselor

Centre Agro-Entreprise

Harvey Schartup, Director

Coopération Française

Michel de Verdière, chef de service de coopération et d'action culturelle, Ambassade de France

EnterpriseWorks

Brian Dotson, Director

European Union

Francesco Gosetti di Sturmeck, Ambassador and Chief of Delegation

Gesellschaft fur Technische Zusammenarbeit (GTZ)

Dr. Guenther Hornung, Conseiller (auprès du MEF)

Groupe Pivot Santé/Population

Modibo Maiga, Executive Director

John Snow, Inc./ PDY

Suzanne Reier, Chef d'Equipe

Pays-Bas

Harry J.J. van Dijk, First Secretary, Embassy of the Netherlands

Piyeli

Kâaba Soumaré, Director

Save the Children USA

Maureen Cunningham, Health Field Officer

Ciré Diallo, Assistant Director for Finance and Administration, Sahel Field Office

Lynn Lederer, Director, Sahel Field Office

Swedish Development Cooperation

Anders Ostman, Conseiller

UNDP

Karounga Keita, Economist

Giuseppina Mazza, Directeur du Programme (Deputy Resident Representative)

World Bank

Youssef Thiam, Economist

World Education

Leslie William Long, Associate Director

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